
Public Hearing

before

SENATE EDUCATION COMMITTEE

“Testimony on school construction costs”

LOCATION: Committee Room 6
State House Annex
Trenton, New Jersey

DATE: January 21, 1999
1:00 p.m.

MEMBERS OF COMMITTEE PRESENT:

Senator Robert J. Martin, Chairman
Senator William L. Gormley
Senator Byron M. Baer
Senator Shirley K. Turner
Senator Norman M. Robertson



ALSO PRESENT:

Darby Cannon III
Committee Aide
Office of Legislative Services

Beverlyn Grissom
Senate Majority
Committee Aide

Hearing Recorded and Transcribed by
The Office of Legislative Services, Public Information Office,
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey

TABLE OF CONTENTS

	<u>Page</u>
Mark S. Lohbauer Representing Treasurer James A. DiEleuterio Jr. New Jersey Department of the Treasury	1
Michael Azzara Assistant Commissioner Division of Finance New Jersey Department of Education	5
David G. Sciarra Executive Director Education Law Center	26
Robert B. Campbell, Ed.D. Assistant Superintendent for Curriculum and Instruction Millville Public Schools	55
Thomas Jannarone Director of Urban Affairs New Jersey Association of School Administrators	59
Barbara J. Bohi Assistant Director Governmental Relations New Jersey School Boards Association	61
Robert Swissler Representing New Jersey Council of County Vocational-Technical School Districts, and New Jersey Joint Council of County Special Services School Districts	67
Jeanne Perantoni Representing New Jersey Chapter of The American Institute of Architects, and Member Council of Educational Facility Planners, International	73

TABLE OF CONTENTS (continued)

	<u>Page</u>
Tricia Russo Legislative Counsel Nancy Becker and Associates	73
Eugene Keyek, Ed.D. Consultant Governmental Relations New Jersey Association of School Business Officials	83
APPENDIX:	
Statement plus charts submitted by David G. Sciarra	1x
Article submitted by Barbara J. Bohi	17x
Outlines submitted by Robert Swissler	27x
Testimony submitted by Jeanne Perantoni	29x
Statement submitted by Eugene Keyek, Ed.D.	39x
Testimony, graphs, plus attachments submitted by Lynne Strickland Executive Director Garden State Coalition of Schools	42x
Statement submitted by Jamie P. Savedoff, Ed.D. Superintendent Montgomery Township Schools	61x

TABLE OF CONTENTS (continued)

	<u>Page</u>
Testimony plus chart submitted by Ginger Gold Associate Director Government Relations New Jersey Education Association	65x
Letter addressed to Senator Robert J. Martin from Frederic R. Harris Inc. Iselin, and Granary Associates Philadelphia, Pennsylvania	68x
rs: 1-91	

SENATOR ROBERT J. MARTIN (Chairman): We will begin with the public hearing.

There are approximately 10 people who asked to speak. There may be a few more depending on what happens upstairs with the interdistrict school bill, which is being heard in the Assembly. I will not call them in any particular order other than to-- I believe there is a representative-- Is the Treasury here to, at least, outline some of the agenda? Perhaps, we can begin with the Department of Treasury.

I do thank you guys, and I will tell you that I know there are priorities -- and as much as this is a priority-- I know in this next week or so there are higher or more immediate priorities. This is an immediate priority, but it's not as immediate.

MARK S. LOHBAUER: Thank you for recognizing that, Senator.

SENATOR MARTIN: We need your names for the record. He doesn't look like Treasury, but--

MR. LOHBAUER: My name is Mark Lohbauer. I am here representing Treasurer DiEleuterio this afternoon, Chairman. And I have with me Charles Chianese, the Executive Director of the New Jersey Building Authority. I am also joined by Michael Azzara. He's Deputy Commissioner (*sic*) at the Department of Education. He is here on behalf of Commissioner Klagholz, who, as I understand, is detained before the Assembly Appropriations Committee at the moment.

Let me begin by thanking you, on behalf of the Treasurer, for giving us this opportunity.

SENATOR MARTIN: Senator Gormley, I know you want to listen to this.

SENATOR GORMLEY: Yes I do.

MR. LOHBAUER: Thank you.

SENATOR MARTIN: I didn't want you to miss out.

MR. LOHBAUER: Again let me begin by thanking you, on behalf of Treasurer DiEleuterio, for this opportunity. I realize this is a bit peculiar for the members of the Committee to discuss this subject in the absence of a bill. Let me inform you that we are in the process of drafting a bill. Also, while in that drafting process, we've been trying to develop information from interested members of the public, particularly from professionals.

SENATOR MARTIN: I'm sorry, I have to keep scolding my group.

Senator Baer, we want you to pay attention, too.

SENATOR BAER: Thank you.

SENATOR MARTIN: We all do that, but--

SENATOR BAER: Yes.

SENATOR GORMLEY: He's been bipartisan in how he's done this, so--

MR. LOHBAUER: Thank you, Chairman.

I was saying that we have been attempting to develop information from interested segments of the society here, in our state, that could help us present you with the best bill possible. In particular, we've met with a number of educational professionals on a regular basis. We call it the *Abbott* working

group. Some of those people are here today to testify before you, and they can inform you that we've been talking.

This bill, even though it's not before you yet, is still in the process of evolution and, hopefully, by the interaction we have today with you and the ongoing interaction with members of the public, we can soon come to you with a finished bill that everyone will be happy with.

SENATOR MARTIN: What do you-- What does the Department understand as a time frame as to when-- Maybe you can explain whatever stages there are. I mean, there is a bill that has to be passed, there's a construction schedule that has to be developed. What is your understanding-- What time frame do you see yourselves operating under?

MR. LOHBAUER: Well, we intend to submit a bill to the Legislature by the beginning of February or hopefully by the end of this month. We have a draft that's being evaluated by people in our office, people in the Department of Education, as well as people in the Governor's Office. We're trying to get it to you as quickly as possible. Ideally, we would work toward a passage this spring so that we can maintain the timetable that has been set forth in the *Abbott v. Burke* Supreme Court decision.

SENATOR MARTIN: Which is?

MR. LOHBAUER: Well, the most important deadline that we would need to have this in place for, in order for us to stay on time, is breaking ground for construction in those *Abbott* districts by spring of 2000.

There are already elements of the timetable that are in play, that don't require a change in legislation to implement them. For example, the

Abbott districts are doing a facilities needs assessment right now. And they are required to report back on March 15 to the Commissioner of Education.

SENATOR MARTIN: When you say break ground in the spring of the year 2000, that's -- there's a continuum of -- is it five years in which the full program-- I'm not quite clear. Not every new school that's going to be built under *Abbott* directives is going to be started in the spring. How do you--

MR. LOHBAUER: Correct.

SENATOR MARTIN: --understand the schedule?

MR. LOHBAUER: There is an order of priority with regard to construction. The Court ordered the State to address health and safety needs first in those school districts that had priority needs.

Mr. Azzara is here, and he may be able to address this with more particularity, but that is part of the facility needs assessment. That will be presented to the Commissioner so that the Commissioner can then prioritize which projects will have to be done first.

SENATOR MARTIN: What's your best guess as to the cost? We've heard numbers from \$1.8 billion to \$2.8 billion. Is that--

MR. LOHBAUER: Yes, we have provided--

SENATOR MARTIN: --billion?

MR. LOHBAUER: We've provided numbers, publicly, that we project a cost of \$2.6 billion to do construction in the *Abbott* districts, \$2.7 billion to do construction in the non-*Abbott* districts over a period of five years. We're developing those numbers from the five-year long-range management plans that have been submitted by the school districts to the Department of Education.

The \$2.6 billion number that I quoted for the *Abbott* district construction is a number that was actually developed in the Supreme Court case by the Vitetta Group, as well as specialists from the Department of Education.

SENATOR MARTIN: Although you had originally used the \$1.8 billion figure, did you not?

MR. LOHBAUER: Perhaps, if you could address that, Mike.

ASSISTANT COMMISSIONER MICHAEL AZZARA: The \$1.8 billion was the actual construction costs. It didn't include the soft costs. Then, when we got into the court, we testified that the soft cost would add another \$600 million -- up to \$2.4 billion. And then, when they amended our plan for early childhood to include 3-year-olds, it got bumped up a little more, so ultimately, it grew to \$2.8 billion.

SENATOR GORMLEY: Excuse me, you're saying it added 33 percent to the cost -- the soft cost.

ASSISTANT COMMISSIONER AZZARA: Yes.

SENATOR GORMLEY: It's taking the place of incinerators.

MR. LOHBAUER: Well, on that thought, Senator Gormley, we-- Naturally, all of this was inspired by the *Abbott* case. We have amplified on the requirements that were imposed upon us by the Supreme Court in the *Abbott* case in an attempt to try to find efficiencies that would allow us to achieve savings.

SENATOR GORMLEY: In other words, those were the numbers based upon their traditional system.

ASSISTANT COMMISSIONER AZZARA: Our experts were asked what the soft cost would be, and they said -- a range, they could generally be anywhere from 15 percent up to 30 percent, depending upon site development problems. And they took the high end.

SENATOR GORMLEY: So that number was based upon, let's call it, traditional soft cost.

ASSISTANT COMMISSIONER AZZARA: Right, without consideration of the Building Authority being involved.

SENATOR GORMLEY: Don't worry, I'm not going to ask it the way you want it asked.

Oh, boy, and if we do the Building Authority, we'll save that \$600 million. Is that the next question you were ready for?

MR. LOHBAUER: You'll have to ask him.

SENATOR GORMLEY: The issue then goes to the Building Authority, which is going to save that \$600 million or a portion of that \$600 million in cost. Is that the argument?

MR. LOHBAUER: Yes, the Treasurer represents to you that were we to establish a centralized authority that would perform the financing, design, construction, and the construction oversight of these projects that we could achieve a substantial savings. The Treasurer has recommended that that authority be the Building Authority.

SENATOR GORMLEY: Who's going to head it up, George Orwell?

MR. LOHBAUER: That would be your choice, Senator.

SENATOR MARTIN: When you said there was a range of between 15 percent and 30 percent for soft cost, is it your suggestion that if there was a centralized authority like the Building Authority or as was originally proposed -- and there is a specific language in the last *Abbott* decision that mentions the Economic Development Authority, have I got that right?

MR. LOHBAUER: I believe it's the Educational Facilities Authority.

SENATOR MARTIN: Educational--

They would reduce the 30 percent more to the 15 percent. Is that the kind of thing we're talking about?

MR. LOHBAUER: We're expecting that not only would reduce the soft cost, we could, actually, achieve a reduction in the construction costs by standardization of building components. By large-scale purchasing of standardized building materials, we'd be able to reduce overall cost, and in fact, if we have fewer contractors performing larger amounts of the construction work, we would expect them to be able to drive down their cost as well.

SENATOR MARTIN: On the hard costs, there is some language, I believe, that, at least in the initial stages -- it talks about \$125.00 a square foot--

MR. LOHBAUER: Yes.

SENATOR MARTIN: --for construction. There have been representations to me -- I'm not -- I don't build anything, but there are some places in New Jersey, for example, like Jersey City, where that would be impossible to do. Is that-- Are you basing it on an average, or is this--

MR. LOHBAUER: The original concept that you're referring to, Senator, was \$125.00 per square foot of construction as a basis for approval of funding. As a result of our discussions with members of the public and further analysis of this issue, we've recognized that what you're saying is accurate, that construction costs will differ from north to south, from urban area to suburban area.

ASSISTANT COMMISSIONER AZZARA: From county to county.

MR. LOHBAUER: Or from county to county, as Mr. Azzara is saying.

We recognize that what we need to do is establish a range in this bill of what would be an appropriate per square foot allowance for construction. It would depend upon the local area.

SENATOR GORMLEY: We had talked about-- The Governor had talked about a \$5.5 billion program.

MR. LOHBAUER: Yes, roughly. I think it was \$5.3 billion.

SENATOR GORMLEY: We realize--

MR. LOHBAUER: These are big numbers.

SENATOR GORMLEY: Billion here, a billion there.

MR. LOHBAUER: It's all real money.

SENATOR GORMLEY: Yeah, it's all real money.

Now, are you saying that this level of State control would exist in the *Abbott* districts where they are providing 100 percent funding? Would the same level of State control exist in the balance of the program where there would be a mix of dollars, some coming from the local district?

MR. LOHBAUER: What we're proposing is that the same services that the Building Authority would be providing to the *Abbott* districts would also be available to all other districts.

SENATOR GORMLEY: Let me do this. Let's say we have--

MR. LOHBAUER: I'm trying.

SENATOR GORMLEY: --a non-*Abbott* district applies -- let's assume we'll have a portion of this -- it's half grant and half revolving loan, like the revolving loan program we've had in effect before.

MR. LOHBAUER: Yes.

SENATOR GORMLEY: And they borrow from the revolving loan fund. Are there going to be restrictions on them as to local choice in terms of those factors that you previously mentioned?

MR. LOHBAUER: What we're proposing is that any district that would receive 50 percent or more--

SENATOR GORMLEY: Okay.

MR. LOHBAUER: --of their capital cost in aid--

SENATOR GORMLEY: Grant or loan?

MR. LOHBAUER: That's grant.

SENATOR GORMLEY: Okay, fine, because the portion, I assume, in this program -- the other end of the latter would just be low-interest loans.

MR. LOHBAUER: We, actually, haven't discussed the concept of loan in our bill. We understand that there is interest in doing that, and we may want to reform the bill to incorporate that, particularly for those districts that are not now eligible for aid at all. There are some 242 districts. We

understand that the *I* and *J* so-called districts don't qualify for any aid. But I digress.

SENATOR MARTIN: No, we're really--

SENATOR GORMLEY: No, no, no, no. You weren't digressing, you were doing very well.

MR. LOHBAUER: All right.

SENATOR GORMLEY: You've got--

ASSISTANT COMMISSIONER AZZARA: He had digressed into the heart of the matter.

SENATOR GORMLEY: You've gotten to the heart of the matter. We're very proud of you.

ASSISTANT COMMISSIONER AZZARA: I only hope the Treasurer will be, Senator.

SENATOR GORMLEY: In fact, he can send you all the time. You're doing a great job.

MR. LOHBAUER: We want to make sure that all districts, including the INJ districts have an opportunity for aid.

SENATOR GORMLEY: Because that was-- Let's face it, the original proposal was going to be \$2.6 billion. The Governor then said it will be inclusive--

MR. LOHBAUER: Of all other non-*Abbott* districts.

SENATOR GORMLEY: That's right. So that's inclusive.

The question, in terms of the mandate of the State program, would be when you get 50 percent aid.

MR. LOHBAUER: Yes, that's exactly where we are proposing that the mandate should occur. If you receive, at least, half of your construction cost in aid from the State, then the State has a controlling interest in your project. And, in an effort to protect State taxpayers, we want to make sure that maximum opportunity for efficiencies are utilized.

SENATOR GORMLEY: If we abolish one other State agency, because we never want to grow in numbers of State agencies--

MR. LOHBAUER: Yes.

SENATOR GORMLEY: The Building Authority-- They built a prison on time. I'm not trying to be mean spirited about this. I can go back and I could-- We could always find ones that didn't quite work out as the prison.

MR. LOHBAUER: Yes, sir. I understand.

SENATOR GORMLEY: Why not abolish the agency and create an agency that might possibly have a greater sensitivity -- not fully spending, but a greater sensitivity towards education?

MR. LOHBAUER: We certainly recognize that the Building Authority, the way it is arranged today, under its current legislation, would not be sensitive -- to use your word -- to all of the needs of the education community. It would need to be reformed somewhat so that it could best address these construction needs, not just in terms of cost, but also in terms of speed. We think that one of the advantages that would be important to offer the school district would be that if they would utilize the Authority, they could construct their school faster, they would get approvals faster, they would get

their funding faster, they would utilize designs that are, in essence, preapproved.

SENATOR GORMLEY: Now let me-- And, by the way, you've been very forthcoming, but in another area of concern, we have -- and by the way, you're far more competent than what they've thrown out -- the State Planning people -- same type -- here's the theory, here's the way it will work, and whatever. It doesn't work in, what politicians refer to around October as, the real world.

It causes a concern for me because we're going to say this -- we're going to break ground next year, and here it is, and we're going to save this level of money. I have a real concern that we would be creating or using a system that really doesn't interact that well with the community and doesn't really have an understanding. And this isn't to cast aspersions on the Building Authority.

MR. LOHBAUER: I understand.

SENATOR GORMLEY: I can understand going to a town and saying here is a cafeteria plan. You can save money here, here, and here. If you don't want to, we want you to know it was here, and we want you to tell the taxpayers you didn't want it. That's good. That's a good direction to go in.

I just think the Building Authority, as it is now cast, is not designed to handle the complexity of a facility of this nature.

MR. LOHBAUER: Yes.

SENATOR GORMLEY: Let's face it, the constituency group at the prison doesn't have nearly as much input as the PTA, I hope.

MR. LOHBAUER: That's true.

SENATOR GORMLEY: So you're dealing with a totally different arena.

MR. LOHBAUER: That's true.

If I may, to follow-up on your thought there.

SENATOR MARTIN: Just to complete that question, since you -- the EFA was once mentioned.

I think Bill is right. You're talking about either creating a new authority or expanding the existing one. The only two that have been mentioned are the Building Authority and the EFA. So his question is really, what's the -- how -- why should we do it this way, especially since they're not that familiar with education?

MR. LOHBAUER: The Treasurer recommends this approach because we're opposed to the idea of creating a new authority unless, as you suggest, Senator, we eliminate one. We don't want to grow the government.

SENATOR MARTIN: We'll do that for you.

MR. LOHBAUER: I'm sure you're prepared.

SENATOR GORMLEY: Don't worry about it, we'll do it this afternoon.

MR. LOHBAUER: We do not want to grow the government.

SENATOR GORMLEY: Exactly.

MR. LOHBAUER: We did examine those potential existing authorities that might serve this purpose. In fact, we met with executive directors from all of them. Beyond those two, we also met with the Economic Development Authority, for example, in addition to some others, and

concluded that the Building Authority would be best suited for this purpose, even though they're not ideally suited, but they're best of those that we looked at. And with some reformation, they would become ideal because they not only have extensive financing experience and capability, right now, they also have extensive construction experience, perhaps not with school buildings, but with other, very diverse projects.

Mr. Chianese is here with me, and he can, certainly, address that more in particular for you. But I would just like to reassure you that the Treasurer is firmly convinced that the Building Authority is the vehicle that would be best suited to do this.

And to address what Senator Gormley was just saying, Chairman, with regard to incorporating local interest. This is certainly a major concern. Most of the public feedback that we've received, and I'm sure you're receiving, is that there is a local concern that we don't want the State to come in here and build a cookie-cutter school and tell us how it's going to be and just trample all over our interest to design and build a school that best suits our children and our programs. That's really not what we intend. We understand why that impression got out there.

SENATOR MARTIN: Well, the impression, I think, is very justifiable. As I read the regs, and tell me if I'm wrong, but, at least, the proposal that came out said that if you wanted to enjoy the savings, if you were not one of the *Abbott* districts, that you would -- you could avail yourself of these soft-cost services like the engineering architectural. But, on the other hand, you would have to abide under a sort of strict, cookie-cutter selection of certain construction and also play by the State's rules.

I mean, I went over the regs. I might have misread them, but I think that was what I understood from them if you were one of those *I* and *J* districts or, at least, districts that wouldn't be winners, whether they were just-- I think there was some room in between the *Abbotts* and the very high-end districts, but certainly the high-end and working downward -- those districts. And you're correct with your observation. At least in talking to school superintendents in Somerset and Bergen County, for example, to a person -- every single one of them was very leery of this and said that as they understood it, they wouldn't participate. They'd rather eat the 10 percent than play by those rules.

MR. LOHBAUER: Chairman, if I could attempt to explain that for you. And let me begin by saying that those of us who've been working on this for months now -- about eight months -- found that we ourselves were confused by some of the terms that we thought had common understanding to them. But, amongst ourselves in our own discussions, there developed misperception, confusion, and disagreement as a result.

What the Treasurer and Commissioner Klagholz want to represent to you and to the educational community is that there is a standard that has been discussed. It is a standard that you've looked at, probably the funding formula that you have looked at, is a standard for approval of funding. There is no effort to tell school districts you shall build this, you shall not ever build that. There is an effort to tell school districts we will provide aid for this, we will not provide aid for that. There is no attempt to prohibit districts from building what they want to build, what they can get their voters to approve in referendum, and what they want to finance. And, in fact, through our

proposed legislation, we would offer to build it for them and again attempt to achieve a savings for them on that construction.

I think all of this developed -- these misperceptions developed because of what we--

SENATOR MARTIN: I don't think we have a misunderstanding. I think you sort of said what I said. If certain districts will only -- not the *Abbott* districts, but the certain other districts that want to enjoy the benefits of this are going to have to play by some very strict State rules. At least the way they were originally proposed or floated out or whatever stage they were in-- Those were, at least from a school district's point of view, unacceptable. The six prototypes and that kind of thing--

MR. LOHBAUER: Well, with regard to the prototypes--

SENATOR MARTIN: --and the 100--

MR. LOHBAUER: First off, prototypes were presented to the Supreme Court in the *Abbott* case as a way of explaining how the Commissioner arrived upon an allowable amount of square footage per student per type of school -- per high school, per middle school, per elementary school. Those prototypes were not floated to say you must have each of these elements in your school and not have any other element. They were floated to say, "Here is a design concept that we believe achieves core curriculum standards, allows you to teach the core curriculum, and provides this much square footage per student in that type of school."

We have heard the objection of the educational community who have told us that "we disagree with the Commissioner. We don't believe we can meet core curriculum standards at that level of space that you're allowing

per student. There are elements that we feel need to be included so that we can provide core curriculum education.”

To their concerns we say that we are currently taking another look at the square footage numbers that we provided in the formula. We will likely be raising those before we put them into the bill that we will be presenting to you in a direct attempt to address concerns raised by the educational community. Also, we want to do something that would allow the non-*Abbott* districts to have the same opportunity to come back to the Commissioner and indicate their need where they recognize that they have a need that exceeds what the State would otherwise allow for them to build with aid.

So, for example, if the State decides that a standard is so many square feet per student allowed for a high school building, and a community comes to the Commissioner and says, “We need to build that high school, but we need to allow five more square feet per student to do it, and we can’t do it by ourselves, and we need State aid in order to do that,” they will have the opportunity to demonstrate that need to the Commissioner and the opportunity to show that they cannot teach the core curriculum without having that space. If the Commissioner is satisfied in their presentation -- and he’s already established a format under which they would make that presentation. They can make that presentation to him, he will approve it, and it will be -- it will receive aid.

The same is true of the *Abbott* districts, and that is by court order. The Supreme Court has ordered us to allow the *Abbott* districts to demonstrate need to the Commissioner of Education. If he is satisfied that, in fact, they

cannot teach the core curriculum without exceeding our construction standard, then he will allow that excess, and it will be paid for.

SENATOR MARTIN: Senator Robertson.

SENATOR ROBERTSON: Yes, thank you, Mr. Chairman.

I have a question about -- going back to the beginning about the size of the problem, but let me just offer one observation with respect to the notion of centralizing the authority to build certain standard types of buildings.

Architecture, in my opinion, is really the expression of what's happening in a community whether it is a statewide community or a local community. It is very important. Someone once made the observation to me that one of the differences between America and Europe is that Europe is a place filled with architects and America is a place filled with lawyers. One of the things that I am concerned about is that we're taking a look at this in a very lawyerly fashion, and I say that as an attorney -- a very lawyerly fashion and not trying to encourage the breath of expression that should be encouraged throughout the state. I have some distinct concerns about centralization, even from that point of view.

With respect to the size of the problem, my question is this. You had mentioned before about the \$125.00 per square foot estimate, and I take it that there is a range that it could be depending on whether you're in Hudson County or Passaic County. What would be, off the top of your head, a general range of that sort? Would it run from \$125.00 to what?

MR. LOHBAUER: Well, we haven't determined that yet, Senator. We start at \$125.00 as a flat number statewide. We recognize now that that's not workable.

SENATOR ROBERTSON: Because my question is-- You know-- In the *Abbott* districts, for example, where we're on the hook for the most money, how many of them are in urban areas and higher-cost areas?

MR. LOHBAUER: Most of those.

SENATOR ROBERTSON: Right.

MR. LOHBAUER: We're recognizing it's the urban areas in North Jersey that are the high-cost centers.

SENATOR ROBERTSON: Well then, shouldn't that suggest that we should do a little bit more thinking as to what the size of the problem really is?

MR. LOHBAUER: Well.

SENATOR ROBERTSON: That doesn't seem to be a great mental leap here.

MR. LOHBAUER: Senator, you are right, and we are in the midst of that process. Perhaps that is why it is taking so long to get a bill to you because, as we've looked at these things, we realized just how very complex they are and how much research they require. Also, the facilities needs assessments are being undertaken right now, as we speak, in the *Abbott* districts to not only look at -- you know, take a harder look at what their costs should be, but also what their population needs should be, something that wasn't done for the Supreme Court cases.

SENATOR ROBERTSON: Well, I'll tell you, at least as far as this Senator is concerned-- One of the things that does concern me is the fact that when we're talking about something as fundamental as the cost per square foot as the basic building block of all the other assumptions that are to be made, I see an awful lot of effort being made to come up with some very detailed and innovative -- I'm being kind there -- innovative and complex structures for the centralization of this authority while the very foundation -- the building block upon which to gauge the size of the problem hasn't really been given as much thought.

I just hope that as things develop and come to us, we're going to be able to rely upon what we're hearing.

MR. LOHBAUER: Senator, we do recognize that particular weakness there, and we are devoting a lot of attention to it. Right now, I wish I could give you better information today. We don't have it in hand.

I would like to say, in response to something else you commented on, that this is not strictly an authority creation or reformation bill. What we are really all about -- and in fact, I have a summary sheet that I want to offer up to the Committee to show you-- Our prime concern is-- Number one, we want to address the order -- the requirements that the Supreme Court has imposed upon us to address the compelling needs of the *Abbott* districts. We have fashioned this bill in an effort to do precisely that.

Secondly, we want to take the device that we've come up with to address those needs in the *Abbott* districts and offer the opportunity that that device provides. When I say device, I mean a centralized authority that can do all this construction for less than what it is traditionally done for. We want

to offer that device to all of the other districts. We want to make sure that the entire state can benefit by a mechanism that was conceived, originally, with the *Abbott* districts in mind. There is no reason why the entire state shouldn't be able to benefit from this.

Thirdly, we want this bill to be a mechanism to provide aid to districts that, traditionally, have not been eligible for aid. Over one-third of New Jersey's school districts, these simple *I* and *J* districts, have not been eligible for CEIFA aid. We would like to see them qualify for some capital aid under this bill. We have proposed that 10 percent of what their construction cost should be now available to them as capital aid -- either as direct aid or, as Senator Gormley has suggested--

SENATOR GORMLEY: But under the prior revolving loan fund for schools, which we did as a jobs bill-- We took the money from the World Trade Center. We started with the \$45 million. None of the districts-- It wasn't limited by district then because it wasn't a school aid program, it was a jobs program. So certain districts that got it before were in the 245 as I recall.

MR. LOHBAUER: But that's the thinking--

SENATOR GORMLEY: Yeah, okay.

MR. LOHBAUER: If I could, I would like to offer this summary up to you.

SENATOR GORMLEY: Can I make-- I want to make this very clear. I don't think there is, in terms of somebody I trust in the position of the Treasurer-- The current Treasurer is as fine a person as we've ever had, and no more is more committed to delivering a quality product to the state. But I'd

offer this advice. This is similar-- I don't question anybody's intent at this table, and maybe some people didn't question Ira Magaziner's (phonetic spelling) when he had the perfect health-care plan, that was worked out in Washington, that was so complex and had so many regulations. You are setting up a very good group of people who put a lot of time in for a presumption on your side. May I suggest to reverse the process? Your expertise, your sincerity, your review that you placed to this so far is invaluable. But it should start with the presumption from the local district, not a vast series from the State, because you will get-- Whether you are right or wrong -- I disagree with you, but I mean that respectfully -- you'll get worn down politically. Instead of you burdened with the presumption out front, please revert it.

Also, in terms of the agency, this is a unique opportunity for New Jersey to put together a group of people that there might not be controversy on either side about what type of agency. And you have to go beyond the concept of the Building Authority. There are many people, nonprofits, people who want to get back to the urban areas right now, philanthropists or whatever -- whatever it is. We'll abolish something, so we don't create anything new. It should be an agency that allows for public-private partnerships that has an ability to be flexible, that has an ability to demonstrate that it's going to be bigger than anything we've done before. You really look for some of the people who have been associated-- People talk about Newark, and they talk about a guy like Mr. Chambers. People like that, from urban areas, who are really trying to make a difference, but you have to make a statement with this agency that

really brings -- whatever it is, it brings that political support along. But please don't start with the presumption on the State side or you will be picked apart.

Anybody who has ever built a school on a local district's-- It's lots of meetings, it's lots of controversy, and it's lots of input. You cannot cover that ground no matter how well intentioned it might be. I do not question your intent on this. I want you to know that.

Thank you.

MR. LOHBAUER: Thank you, Senator.

SENATOR MARTIN: Any other questions of the Department of Treasury and Education?

Did you want to--

SENATOR BAER: Yes, I--

SENATOR MARTIN: Senator Baer.

SENATOR BAER: My questions have to do with time. My questions have to do with time. First of all, I would be interested in your providing to the Committee, through the Chairman, more detailed information on the chronology relating to this legislation so that we don't find ourselves in the situation that sometimes occurs by accident and sometimes occurs otherwise where there is inadequate opportunity to consider some of the features or possibilities or variations because, at some stage of the process, the information on the legislation or the legislation itself arrives with so little turnaround. So I would appreciate it if you could provide that to the Committee with what your plans are and different legislative steps and dates and chronologies, fitting that to the specific deadlines that you are aware of that you have to meet relative to the -- for legal reasons.

MR. LOHBAUER: Yes.

SENATOR BAER: Also, since the legal requirements involve a close look at the scheduling on steps that go well after the legislative process is complete, some of which you refer to, and since it is very-- Since some of this data is frequently, where you have such complex things or where it may turn out to be complex, provided via per chart or something like that, where all the different steps are not only spelled out, but put in sequence by chart form or whatever or chart plus supplemental information. So that what would be very difficult to encompass by the mind alone or by narrative information would make it possible for us to see the whole sequence that occurs long after our role is done as part of our role in considering. And it would make it possible, obviously, to detect at the earliest point where there is slippage and how to deal with that and how -- where the margins may be close.

I think if we had that it would help us. I think if it were also made public through us or through your own devices but, inevitably, we would make it available-- But also allow for public input on that, too, where administrators or other people who are concerned with this might be able to point out something that we had overlooked. And where there are requirements relative to that timetable that are as a result of not only the case, but statutory or other references -- if you could actually reference in what those are so that we could follow through in the whole picture and try to understand it and see how to do our role as well as possible.

Would it be possible to provide that fairly promptly to us?

MR. LOHBAUER: Absolutely, Senator. We could do that. In fact, the chart you referred to we have prepared -- that is, the timetable of

Abbott decision requirements. The chronology with regard to our legislation-- I could, certainly, draft something for you that would indicate dates by which we would like to see an introduction by Committee and public hearings on the bill and things like that and then, ultimately, passage.

SENATOR BAER: And there's another part of that which involves the construction steps. I'm not talking about breaking it down to the degree to which an engineer might as to what might happen each day, but there are certain larger phases that tie in with construction and permitting and this, that, and the other. That would be all very valuable. As I gather from your -- what you already said, there is not just the necessity here of one chart, but, perhaps, multiple because the sequence may be different for different projects or different systems that are on the priority list.

MR. LOHBAUER: Certainly, the *Abbott* districts are the ones that we are subject a timetable from the Supreme Court. And certain of those district schools have a higher priority than others.

SENATOR BAER: Right.

MR. LOHBAUER: And we can indicate that.

SENATOR BAER: So I assume that adds to the complexity.

MR. LOHBAUER: Yes.

SENATOR BAER: If some of this is so complicated that you already have it in a complicated software form -- although it would be very valuable to have the hard copy. I would like you to consider the possibility of providing that data in digital form so that -- assuming that's feasible and would benefit us and, certainly, others -- at least providing it or giving us your thoughts as to any limitations in providing that.

I would think just as those devices are helpful to you and helpful to any modern coordinator of major projects, it would be, maybe, useful information for others as we are more and more involved in having information to the public or to school systems or to whatever where they can use it as efficiently as possible.

MR. LOHBAUER: Senator, I would be happy to provide the Committee with both hard copy and disc as soon as we can put it together. I would think within a week we could have that for you.

SENATOR BAER: Thank you very much.

MR. LOHBAUER: Thank you.

SENATOR MARTIN: Any other questions of-- (negative response)

We have several people who want to testify. You asked for some interaction, I think you'll hear some. Mr. Sciarra usually has something to say, and I know he wanted to testify, so he'll give you the preliminary verdict.

MR. LOHBAUER: Thank you very much, Chairman and members.

SENATOR MARTIN: If you want to stay--

MR. LOHBAUER: I'll be happy to stay.

SENATOR MARTIN: Why don't you stay over on that side?

MR. LOHBAUER: Chairman, Mr. Chianese will also remain available if needed.

DAVID G. SCIARRA: Mr. Chairman, it was music to my ears, just a while ago, to hear about wanting to be faithful to the Constitution in that last bill. My ears perked up when I heard that.

SENATOR GORMLEY: One for two is good.

SENATOR MARTIN: Remember that was the last bill.

SENATOR GORMLEY: Oh yeah.

SENATOR MARTIN: That was then and this is now.

MR. SCIARRA: Okay, there you go. Well, I thought I'd try.

I also just want to make it clear--

SENATOR MARTIN: They want you to give your name for the record.

MR. SCIARRA: Yes, my name is David Sciarra. I'm the Executive Director of the Education Law Center. With me is Joan Ponessa, whom I think many of you know is our Director of Research and also our facilities expert on our staff.

Like the Committee, we also don't have the opportunity to comment on a bill, so our comments are going to be a little bit general today. You have a prepared statement from me which I would like to take a little time today, since you're at the beginning of this process, to talk a little bit about the requirements of the Supreme Court's order since that is what's led us to this point.

I do appreciate the invitation of the Chairman and the Committee to appear here today, particularly since we serve and have served for many, many years as counsel to the more than 300,000 children who attend school in the *Abbott* districts and for whose benefit the Court acted decisively.

There's been a lot of talk, as the prior conversation indicated, about the Supreme Court's order on facilities in the *Abbott* districts. Some say that the Court accepted the model school prototypes, that you discussed

previously, which the Department proposed as a basis for construction costs; or that the Court ordered no more than \$2.8 billion in improvements in the *Abbott* districts or \$2.4 billion or \$2.3 billion, pick your number; or that the Court gave the State full authority to impose specific school designs, which was Senator Gormley's comment, which the *Abbott* districts must use. I'm only going to talk about the *Abbott* districts. I'm here to tell you that much of this talk is erroneous and has created unnecessary confusion and complexity.

As you start the process of crafting this legislation -- getting involved in it, I urge you to spend some time focusing on the specifics of the court order. This time will be well spent. It will help ensure that the legislation you develop and pass is fully consistent with the Court's requirements because, after all, the Court's order is law. The Constitution is the supreme law of our land. More importantly, it will help all of us reach the goal we all share, which is having facilities that will enable all children in our urban districts and communities to learn at high standards and to properly prepare them to assume their roles as citizens and workers in the 21st century.

So let me just briefly go over the basic requirements of the court order for a moment.

Any legislation to provide school facilities improvements in the *Abbott* districts must, at the outset, comply with the Court's fundamental ruling: Children in *Abbott* districts have a right, under our State's Constitution, to be educated in schools that are physically safe and educationally adequate. To ensure that this right is fully effectuated, the Court has mandated that the State must take three immediate actions to make school -- or take immediate

action to make certain that *Abbott* schools meet three basic criteria. These are the three key criteria that the Court set out.

First, the schools must be safe, in good repair, and in compliance with all fire, health, and safety codes.

Second, the schools must provide classroom instruction in appropriately sized classes and not in overcrowded classrooms. In fact, the Court accepted the Commissioner's proposed class sizes on this issue, which are 15 for preschool; 21 for grades K-three; 23 for grades four and five; and 24 in middle and high schools. This is part of the court order.

Third, and most importantly, schools must contain all spaces -- all other nonclassroom spaces -- regular classroom spaces necessary to provide a rigorous curriculum reflective of the core content standards at all grade levels including spaces for science, art, music, and comprehensive health and physical education, and spaces to provide special education programs, and required and needed supplemental programs such as early childhood education, small reading classes under Success For All, parent involvement programs, health and social services, so forth, and so on. This criteria is called educational adequacy.

Code compliance. Classroom reduction -- class size reduction. Educational adequacy.

Now, with regard to the first two criteria, code compliance and class size reduction, the Court accepted assessments of the *Abbott* districts that the DOE performed through the Vitetta Group -- the first two, code compliance and class size reduction. The DOE did not, however -- this is very important to understand -- assess the *Abbott* schools on the third criteria, educational adequacy. In fact, the DOE only proposed some basic building

standards, gyms, libraries, etc., which the Court accepted but only as a minimum starting point. Here is a very important point. The Court then directed that the *Abbott* districts -- the districts in the communities -- apropos Senator Robertson's comments earlier -- that the districts in the *Abbott* communities themselves, not the DOE, complete the assessment of their facilities in district-specific, five-year facilities management plans which has been mentioned earlier and is currently underway in all 28 of the *Abbott* districts.

These plans, which now must be filed with the Commissioner by March 15-- The Court empowered local educational officials to determine what facilities are educationally adequate to meet the needs of their own students. Further, so long as district officials can demonstrate the need for such facilities, the DOE must approve their plans, and as the Court makes clear -- this is an important point that often gets lost in this discussion-- The Court changed the standard of review by the DOE. The DOE and the Commissioner must defer to the determinations made by *Abbott* districts officials. Why? Because as the Court recognizes, and we all know, local educators are in the best position to know the needs of their own students.

So I just want to, at this point, comment here, Senator Gormley, about--

SENATOR GORMLEY: Don't, because I was waiting for you to get up to disagree about something you said, so finish but don't compliment me yet.

MR. SCIARRA: All right.

The only point that I did want to make is that the Court's framework encompasses local decision making. That's the point.

Now, most important to the issue of construction costs, the Court has ordered the State to fund 100 percent, or the complete cost, of all needed facilities improvements as set forth in districts' management plan. There can be no local share to pay for the cost of code compliance, class size reduction, and educational adequacy.

Finally, and most importantly, the Court did not accept any estimate of the cost of facilities improvements in the *Abbott* districts, nor did it impose any dollar limit on total construction cost. Any cost estimate of the construction needs in the *Abbott* districts -- I'm not talking about non-*Abbott* districts now -- must, at least, await the filing of the districts' management plans in March, at which point a fuller assessment of each district's needs will begin to become known.

Now, let me just address three important issues with these comments as background.

One other comment I do want to make. The whole issue of the State Centralized Building Program was one that, frankly, was proposed not by us to Judge King, but by the State -- the Commissioner. We didn't really take much of a position, frankly, because of the kinds of questions you were talking about earlier. State Building Authority -- at that time it was the EFA when he came and testified in front of Judge King. We had no real expertise to decide whether this proposal for State Centralized Management made any sense. So we didn't say much about it. The Court, in its role in reviewing

Judge King's decision, essentially deferred to the determination of the Commissioner that a kind of centralized State mechanism was the way to go.

I just want to make sure that you're clear about where that all came from.

SENATOR GORMLEY: Okay.

MR. SCIARRA: The Court didn't cook it up, we didn't cook it up, it was something that the Commissioner presented to Judge King, and the Court basically said, "Listen, he's the chief educational official in the State. We'll defer to his expertise," and ordered it. I will say to you that we stand ready, as I've said to Commissioner Klagholz on numerous occasions, that if, in the process of developing this legislation, a different form of mechanism for delivering these construction needs develops, that's different from what was proposed to Judge King, we always stand ready-- It looks reasonable, we always stand ready, as counsel for the plaintiffs, to return to the Court and make modifications in the court order in that respect, as long as the ultimate job gets done.

Now, let me make three quick points.

SENATOR MARTIN: I just say to you, David, that I think, as the Department said, given the fact -- and as you said the cost for this construction is going to be borne entirely by the State. If we don't have a State central agency, we're still going to have such a huge amount of State oversight--

MR. SCIARRA: Right.

SENATOR MARTIN: --that it's going to look like a State agency.

MR. SCIARRA: All I'm suggesting is that we're prepared to work with you -- to work with the Department and the administration-- If in

implementing or devising the mechanism to deliver this requires some adjustments from the proposal -- the specifics of the proposal that were presented to the Court in terms of the oversight authority and delivery mechanism, we're prepared to work on that. If we need to go back to the Court to get adjustments of the Court's order, we're prepared to do that. We want to just make sure that the underlying needs of the kids get addressed and get addressed appropriately. That's all. The only reason--

SENATOR GORMLEY: If I may--

MR. SCIARRA: Go ahead.

SENATOR GORMLEY: If I can now defend the State.

MR. SCIARRA: Please do.

SENATOR GORMLEY: Now don't get carried away.

My concern-- David and I have been dealing with social issues for the last 15 years, and we both had a deep concern in Atlantic City. Sometimes we might have appeared to be disagreeing, but I think our intent was the same. I now have money to build all the housing in Atlantic City over the next five or ten years, all the housing you ever thought we could build. I would like to have it built also. I have people who don't want to move into a three-bedroom home and bring their children into the city because of the school. What I don't want to see is a system that is "so court driven." That's used as an excuse. We saw this with housing in Atlantic City before. Who's the consultant? Where's the patronage going? I want their oversight, because I don't want a blank check for a patronage mill.

You liked that part of it, didn't you?

At the same time, even though we will continue to disagree in the future, I don't question your sincerity. There's got to be a blend between the two because what happens is that there are people who manipulate good social causes from time to time, and there are people who manipulate centralization from time to time. I don't question the intent on either side here. There has to be that oversight because-- My problem is that I've got a city that now has money, and 100 of 228 pass the eighth-grade test. We've got it. We've got the potential. And what I see is you're legitimately committed to driving for that money for school construction. I'm looking for a connect tier where people don't hide behind you in the court case who really care about who is the next consultant that's going to get hired. Believe me, I know that's not what you're about. I mean that sincerely.

I think, maybe in a way, one of the concerns of the Treasurer-- Hopefully I'm conveying that. That is a problem that I have because I've seen all too-- And we've seen it. We've seen it in housing, we've seen it in schools. You rack your head against the wall, and you're going, "Wait a second, they gave the contract to who and what?" and it's 30 percent soft cost. You bite your tongue, but I know that's not what you would have wanted in an ideal world.

I'm sorry, I just wanted to--

MR. SCIARRA: Well, on that note, let me try to address -- raise three-- I've got a couple of issues that may begin to help forge the kind of balance you're talking about, Senator.

Preserving local educators' authority to make critical decisions concerning the delivery of programs and, at the same time, making sure that

there is appropriate oversight of the process-- Without a bill, it's a little hard to get to deeply into this, but let me address one major issue and another subissue.

The first is the issue of model school designs -- State-modeled school designs, which is the big one. Senator Martin was talking about it previously. The administration has been pushing these model school prototypes, which was discussed earlier. They were proposed, actually, by the Commissioner in February of 1998 for two purposes: to try to set the standard of educational adequacy in the *Abbott* districts--

SENATOR GORMLEY: I think they might have been suggested when I wanted the original revolving loan fund for schools, and I wouldn't move the bill because I wanted to know which architect really wanted the paragraph in there because it smelled.

You can go right ahead now.

MR. SCIARRA: Okay.

And also to fix the maximum cost of facilities improvements in those districts that the State will support. So it was really an attempt to define educational adequacy facilities from the State level and determine what the State will pay for.

SENATOR MARTIN: And at this stage we're still at a huge disagreement, at least your organization believes that the adequacy in terms of space, especially for programs outside the classroom-- The question, for example--

MR. SCIARRA: Art, music, science, right.

SENATOR MARTIN: That stuff, which was in the paper last year about your disagreement is not -- there's been no meeting of the minds on any of this, I take.

MR. SCIARRA: Yes, and we've learned a lot more on that, and I just want to spend a minute on that and suggest a solution to this problem.

I want to make it clear, though, that the Court did not accept those models as required for the *Abbott* districts, nor did the Court adopt any specific school design at all. Instead, as I was mentioning previously, what the Court did is that it delegated to the *Abbott* districts, in the performance of their five-year management plans, the authority to determine what educational spaces their children need and to develop designs for schools that reflect those determinations. The Court also directed the State to pay the full cost of these locally determined facility improvements as long as the district can demonstrate the need for them.

Now, I would argue that using the model school prototypes developed by the Commissioner previously to fix construction costs or educational adequacy in the *Abbott* districts would clearly violate *Abbott*. These prototypes do not reflect educational adequacy by any real standard or measure, nor do they meet the needs of students in any school district, let alone an *Abbott* district. Designs of actual schools built or on the drawing boards in districts around New Jersey departs significantly from these prototypes.

For example, on the elementary level, the prototype allows only 115 square feet per student. It doesn't include separate rooms for music and art, has only a small nurse's office, and restricts the number of special

education classrooms and small group instruction rooms. The Patton Elementary School, which I know some of you were at, has 178 square feet per student with art and music rooms, 29 small classrooms adaptable for special education or small group instruction, and a health service room including waiting area, cot area, etc.

Let me use Pleasantville as an example. Pleasantville-- The prototype allows only 111 square feet for a middle school. The new middle school in Pleasantville, which the Governor said was an ideal school when she was there, has 168 square feet per student. The national median is 146 square feet per student. The regional median in the New York, Pennsylvania, and New Jersey area is about 160 square feet per students for middle schools.

SENATOR GORMLEY: That's the same school district that I had to put the bill in the abolish credit cards.

MR. SCIARRA: The Commissioner's middle school has no science labs, only two small science demonstration rooms, and no art or music rooms. High school there is the same problem.

I want to illustrate this problem by something which recently happened, which you have in your packets, which are the new school designs for Jersey City Elementary School No. 3, which is the green sheet, and middle school for -- the downtown Jersey City Middle School. Now, these sheets will show you the differences between what local officials in Jersey City, a State-operated district, determined what was educationally necessary to address the needs of middle and elementary school students in Jersey City verses what would be allowed under the prototype if it were adopted. As you can see, the differences are stark, indeed. The Commissioner wants *Abbott* districts to have

only 115 square feet and 111 square feet per pupil for elementary schools respectively, while Jersey City educators determine the need of approximately 151 square feet and 188 square feet per student -- per pupil.

SENATOR GORMLEY: Can I ask a question, because we are doing these big picture regulations?

MR. SCIARRA: Right.

SENATOR GORMLEY: Have we taken a district -- this could be shocking -- and got everybody in the room and try to do one right-- You've been on one side of the table, they've been on the other side of the table, and actually -- let's see what we do if we try to implement it in a district. Have we done that? Or are we just trying to--

MR. SCIARRA: In terms--

SENATOR GORMLEY: I would be curious if we took-- If you picked the worst five. I know they're all bad. I know what you've got to say. I'd like to see if they're examples where people can get in the room, without dealing philosophically, and I don't mean that in a mean-spirited way-- Could we see if we could do two or three schools? In other words, everybody gets in the room, you all negotiate, but let's see if we get a program. I'm not talking start with global regs. No, no, those scare mean.

MR. LOHBAUER: I understand.

SENATOR GORMLEY: Could you just get into a room and see if we can agree about two or three schools? This could get shocking.

ASSISTANT COMMISSIONER AZZARA: Ultimately, the five-year management plan that we recommended that the Court accepted-- That's

ultimately what will happen on March 15 when they come in. We will get the districts' plans on what they believe is necessary.

SENATOR GORMLEY: Okay.

ASSISTANT COMMISSIONER AZZARA: And we will review them, and we will sit down and discuss them with them, negotiate, whatever, look at the rationales, and come to some agreement. It's not a black-and-white issue. It is going to be negotiation, and it's going to be a demonstration, just as David had said.

SENATOR GORMLEY: Yes, but--

ASSISTANT COMMISSIONER AZZARA: So in a sense, that will take place, but it hasn't to date.

SENATOR GORMLEY: While they're doing that on one hand, and you're talking about this specific set of regulations, there would appear to be a clash that would--

MR. SCIARRA: Well, Senator, keep in mind that we're talking here only about the school construction prong of the *Abbott* remedy. The *Abbott*-- What's going on now, frankly, is precisely what you're talking about.

The Commissioner also proposed, as you know, whole school reform, certain minimum supplemental programs, curriculum reform, instructional reform, all kinds of -- which we can spend a lot of time talking about -- that are simultaneously, as we speak, going on in all -- have been ordered by the Court because the Commissioner recommended them -- going on in all 450 *Abbott* schools. So, in effect, what we have now, and this may be-- This, again, is a longer conversation, but what we now have going on in the *Abbott* districts is a comprehensive remedy. We've reached consensus in the

sense that the Commissioner proposed certain programs, they've been modified based on recommendations, and we have a massive experiment going on in all 28 *Abbott* districts around instructional reform and improvement. That's just starting as well.

So the issue is making sure, as we do that, that we have schools in these districts that are modernized and upgraded and have all the spaces they need to deliver that kind of--

SENATOR GORMLEY: I-- I--

SENATOR MARTIN: I just want to move this along.

SENATOR GORMLEY: I'm sorry.

SENATOR MARTIN: You said you might have a way that we could-- We see there's still this sharp disagreement.

MR. SCIARRA: Okay, here's the way--

SENATOR MARTIN: I'm not sure that you're going to convince the Department to increase the square footage or add -- quite match this.

This is interesting, though, and I think your point is an interesting one that in some of the districts including State takeover districts, they are, what seems to be, building larger and providing more than what the Department has come forward with.

What minimal-- Is it your intent that the funding is to be minimal adequacy? Is that--

ASSISTANT COMMISSIONER AZZARA: Not necessarily minimal, but general adequate -- general standards of adequacy would most likely work in all cases.

SENATOR MARTIN: Is there some-- When you developed that, was there some guide that you took? For example, Mr. Sciarra quoted-- I don't know if his figures are correct. I assume they are. Let's say that an elementary school nationally -- it's 100. Or is there some number for -- of square feet per student? He seems to say that you're on the chintzy side of that, and he is right about it or slightly above it. What did you--

ASSISTANT COMMISSIONER AZZARA: When we started out, what we did was we went out of state, and we asked three national educational experts to come in to New Jersey to meet with myself, Assistant Commissioner Ellen Schechter, and Jay Doolan, our Director of Standards and Assessments.

One was Bruno Manno who was from the Hudson Institute, which is an education think tank. Another one was Alton Hlavin who is the Assistant Superintendent for Suffolk County, Virginia. He is a national facilities expert. Another one was Emily Feistritzer who is from one of the educational research centers. They came in, and we sat down, and we actually walked through each of the standards to discuss what would be the appropriate spaces at the different levels of education, to meet standards.

SENATOR MARTIN: Is there a school? I mean, did they use real schools when they--

ASSISTANT COMMISSIONER AZZARA: No.

SENATOR MARTIN: So these were a series of simulations.

ASSISTANT COMMISSIONER AZZARA: It was really a discussion based on their experiences and knowledge and what they've seen in other schools. In fact, Hlavin was quite honest about it. He said, "In my

school, we have a lot more than this. But is it absolutely educationally necessary to meet these standards? I'd have to say no. We wanted more."

SENATOR MARTIN: Well, Senator Gormley talked before about the real world. It would seem to me that one approach that is closer to Mr. Sciarra's would be to find a school anywhere, it doesn't have to be New Jersey, it could be Oregon, that is -- seems to be about the right size that at least you could say, "We think that this school provides adequacy." I would hope it might be in a district that sort of looks a lot like a special needs district in New Jersey and say, "This is what we think is adequate," and then maybe he would say it would be adequate if they had had a bigger gym or more lockers or a music room.

If you could find one that was a certain size that the people who were actually working there and students who were there said, if we have problems, at least it isn't about the size of the classroom or that we can't get adequate musical training because of the way the school is constructed.

ASSISTANT COMMISSIONER AZZARA: What we then did--
Can I explain the remainder of the process?

What we then did was once we determined the types of spaces that were required, we then looked at -- we used-- Our facilities consultant was the Vitetta Group who is a national architectural firm. We used some of their spacing standards, and we looked at spacing standards being used in West Virginia and some other states. We came up with the sizes of the various rooms and appropriated what they call a grossing factor which is you then gross up the square footage to allow for circulation, lavatories, storage, and things like that. We came up to a square foot per pupil.

Subsequently, what we did look at was-- We looked at statistics that are published by the Educational Planners Association, which is a national group of educational planners -- facility planners. What we found was that our square foot per pupil at the elementary level was right at or a little above the national median. It was within a range of -- high to low range -- it was within there, and it was on the national median.

At the middle school level -- which is tricky because the problem with the middle school is that the middle school is a delivery concept. Not every district uses a middle school delivery concept. Some still use the K-eight elementary model of delivering education for sixth through eighth. So you have two different philosophies. We modeled our six through eight -- although we called it a middle school because they are the middle school grades, we really modeled it more closely to the elementary delivery model than to a middle school delivery model.

So we were low. We were below the bottom of the range for middle schools. And in the high schools, when we validated it against their statistics, we were within the range but at the lower end. So we did validate it against national statistics. We also noticed that in Canada, and I'm not sure why, but in Canada, they build their schools much smaller than we do in the United States because we looked at figures for Canada as well. And they have much smaller square foot for pupil standards.

SENATOR MARTIN: Well, again my suggestion would be and I'd feel a lot more comfortable if you found -- I have no idea what the problems are in Saskatchewan, but certainly, urban areas that are either in New Jersey or in Philadelphia or Pittsburgh or New York or Albany or someplace that we

can sort of reasonably relate to. If you could find a school there that has a size that seems to be acceptable, really, I think that's a better approach because-- Your model, it may look good, but it's like building a ship or building a spacecraft, until you actually send it into orbit, how do you know whether this really works?

SENATOR GORMLEY: Excuse me.

ASSISTANT COMMISSIONER AZZARA: Yes, sure.

SENATOR GORMLEY: They have done modeling for the State Plan, and they've drawn circles and called them urban centers. Many of them are the places where people don't want to send their children to school. They haven't-- That's a case of here we'll do the -- we'll draw up in the classroom. They're saying, "Well, people will just move back into these towns." They're not going to move back into those towns until children are passing examinations.

As I said, I have a situation in Atlantic City where we can build housing, but not where we have to subsidize -- we might have to subsidize a house to the tune of \$100,000 to get somebody to move in. The business end, where everybody is going-- The largest growing businesses are parochial schools. Now this-- My suggestion is to start with someplace in New Jersey. It will be a horrible experience. You will argue back and forth, but it will be an honest experience. Because when you start with these models-- You have State Planners calling for urban centers, and many of the urban centers are places -- taken over the school districts. It doesn't make sense.

SENATOR MARTIN: We can be even more specific. We could say, "Why don't you start with Jersey City School No. 3, and show us where

a school like this should -- if you want to cut some space off, then we can sort of look at the line and see maybe -- if that's an area which looks like wasted space or the ceiling is too high and you can cut it six inches or maybe they have a room where they could show that the music room there is -- maybe they have these -- two instead of one -- maybe they don't need two if they rearrange their scheduling a little more. I truly think that would be helpful. And I think that even if Mr. Sciarra, who may be sort of on the high side of trying to get as much as he could--

SENATOR GORMLEY: Oh, no.

SENATOR MARTIN: Somebody in the middle-- You could then have--

SENATOR GORMLEY: I'm shocked and appalled.

ASSISTANT COMMISSIONER AZZARA: I'm just presenting what Jersey City did, that's all.

SENATOR MARTIN: You could have somebody in the middle make a call having looked at it-- You could go in and say, "Well, you cut off 10 square feet, but we think 5 feet." I think this will go on -- this debate will go on in infinity because without anybody being able to make a call the way you're approaching--

SENATOR GORMLEY: And one of the other-- Excuse me, I've got Atlantic City, so I've been around with this stuff. Unfortunately, I see the sad part of this.

These schools also offer the potential for urban renewal as centers for the community. I've been rough on Lee on other issues, but he kept a school open called the Richmond Avenue School last year in Atlantic City,

which is really a center for a diverse group of individuals from diverse ethnic groups, and it's a wonderful melting pot. If you went to Harvard and had to do the model and spent a billion dollars, you still couldn't get a school like this. And those things have to be taken into consideration. I just think if we could start-- Obviously he gave us some of the high-side models. There are some others that might be a little low -- come on -- but anyway.

I'd rather see a real set of negotiations and see how you tie the community in, and how do we work at the test scores, and how do we work at other community money coming in and around the area? Do it on a case-by-case basis.

I'm not trying to sandbag all the work that you've done because all of the things that you've prepped on are going to come up in those individual negotiations, but you won't be out front with a model because, let's face it, he's an advocate, and he's doing his job, but he is going to say, "I can pick the one school that's wrong with that model." You'd be better off negotiating. He's perfectly capable of negotiating. Maybe we'll get something done, maybe everybody will agree on one because we never seem to agree on one. Let's agree on one, let's get them all confused.

ASSISTANT COMMISSIONER AZZARA: I think--

SENATOR MARTIN: And just one other point while we're at it, to give you some direction.

ASSISTANT COMMISSIONER AZZARA: Okay.

SENATOR MARTIN: We're at \$2.6 billion -- \$2.8 billion now for the *Abbott* districts and their construction. The investment is huge. We're going to build schools that are supposedly lasting 25 years or 50 years. If it is

going to take a few more square feet and a music room to make a real difference-- We're at such a high-- You reach a point and say if it going to be \$3 billion instead of \$2.8 billion--

SENATOR GORMLEY: But let me give you something--

SENATOR MARTIN: --and it's really going to be a major difference, let's do it.

SENATOR GORMLEY: Or suppose that added element-- Remember I talked about who you put on this board? Suppose somebody donated -- I know that's kind of shocking-- Suppose a foundation wanted to add that extra element to that urban school, and we explore that while we're doing it. I think those donations are there.

I just want to cross-reference every pot of money to stretch it as far as we can. But, as Bob said, if it is a music room-- There are music room donations out there because there are people who really care about urban New Jersey and want to see its schools succeed. I think if you set this up in the right way -- it's not all the money, but it's that extra 4 percent or 5 percent or whatever might be contributed. That potential exists, if we demonstrate a degree of competence, as a magnet for that money.

ASSISTANT COMMISSIONER AZZARA: I think that we're pretty much on the same wavelength in principle because, essentially, what we're doing is-- Our standards, the model, or whatever you want to call it essentially, establish a minimum guarantee. Okay? They say that you can have so many square feet per pupil guaranteed. It gives you a footprint that you can then develop your own educational specification within. We're not even telling you that you have to use the spaces we used to come up with that

footprint. If you want a combined gym and cafeteria, you want to use the gym space for art and music rooms, fine, go ahead and do it. Okay? We have-- In the high school, we have pull-out labs where the labs are used 100 percent of the time for lab. Okay? Which is why we have fewer labs than some of the school districts, you might notice, because they use combined lecture labs where the students sit there for lecture. We have classroom space for the lecture. If the district wanted to do that, they could increase the number of labs by taking some of the classroom space and use combined--

So it's like-- One of the problems is that there are so many methods of delivery. We have 600 districts, and you could have, probably, that many delivery systems for educational purposes. So what we're saying is that we're giving you a minimum guarantee that this is the footprint you can get. We're going to pay for -- in the *Abbotts* 100 percent; in other districts, whatever your local ability to pay is.

If you believe that you need to reach the standards more, then you come in and demonstrate that, and we'll negotiate. We'll work on it case by case. And if you demonstrate it, the *Abbotts* will get 100 percent of that and other districts will get their State share portion on that. Even further, if you want to build and fund it locally, go ahead.

SENATOR MARTIN: We are on the same page. I just have this one problem, and I'll say it one more time, and I won't say it again today. But unless you show me a real school where it works and the educators there and the kids or the parents or whoever speaks in local parenthesis says that it really is okay, I can't feel confident that your minimum guarantee is the kind of guarantee that's workable.

So that's the problem that we have at this--

ASSISTANT COMMISSIONER AZZARA: We'll go to Missouri.

SENATOR GORMLEY: Believe me, you're better off to prove your case, and you know this. If you have the examples-- Both of you've agreed that's what we're talking about. Because every time we deal with this through theory, it fades, and there is a harsh world of negotiations.

Listen, assign the Deputy AG. We don't want any wasted money. We want everything looked at. Before the specs go out, have them prepared by the AG. There's a lot of things you could do to ensure that viability. But before you come in with the big master plan, you're better off with the precedent and starting this a school at a time. To me it doesn't work. To the public, this has been an argument about money for the last 20 or 30 years, and it hasn't. They just see a deterioration of test scores.

My fear is that we just built the most expensive high school in New Jersey. That's great. We just built the most expensive high school in New Jersey and Atlantic City -- I come from a different perspective -- and I'm not hearing back what I'd like to hear back from the teachers and the parents. I don't mean that in a mean-spirited way towards anybody.

Anyway, money is not the be all and end all.

Bob is right, can you start with an example in New Jersey? You know what I'd like? However Bob could set it up, I'd like the Committee to be working on the school -- on a particular school. That's the only way we're going to get through this.

ASSISTANT COMMISSIONER AZZARA: We--

SENATOR GORMLEY: That's the only way we're going to get through this.

SENATOR TURNER: Mr. Chairman--

SENATOR MARTIN: Let's--

SENATOR TURNER: Mr. Chairman, I agree with you and Senator Gormley. I do believe that you should be looking at schools here in New Jersey because, after all, we're here because the Supreme Court said that there is not equal education in this state. They're comparing the urban areas in New Jersey with the suburban areas in New Jersey, not Missouri or West Virginia or Canada. It's here in New Jersey that we have the disparity.

So I think you should be looking at those schools because I've been reading, in my paper, that one district in my district -- they've indicated that if they have to have cookie-cutter schools where they feel as if their students are being short changed, they don't want your money. So they have the luxury of doing that. But in the urban areas, if you're going to say this is the way it's going to be, take it or leave it, they have to take it, and it does not mean that they're going to have schools at the same quality or adequacy as their suburban counterparts. So we're still right back where we were. It's not thorough and efficient. We don't have equality.

So look at the schools in New Jersey.

MR. LOHBAUER: Chairman, may I offer a comment on behalf of the Treasurer?

SENATOR MARTIN: Yes.

MR. LOHBAUER: I don't want anyone to leave this committee room with the thought that we're trying to find the ideal school design in

Missouri or Saskatchewan. Certainly, these designs are going to have to be ideal for New Jersey. We, too, are looking at the New Jersey schools that have been built in an effort to try and identify the appropriate square footage. We just don't want to come out with a number and it turns out that it's way below national or regional standards or even foreign standards. We want to be at the cutting edge.

Now, having said that, let me reiterate something I said in my testimony. We realize now that the numbers that were presented, as Mr. Sciarra said, last February by the Commissioner during the Supreme Court case were probably problematic. We are taking another look at those numbers now. I don't have new numbers to give you, neither does the Department of Education, but the Treasurer has recommended that we do something to increase those numbers to address the concerns that we've heard from those people that have been meeting with us. Again people that you are going to be hearing from today-- You've already heard from Mr. Sciarra and others that are here. They're going to tell you that they feel that they can't meet core curriculum education with the square footage numbers that were provided. So we are looking at that.

We agree with you, Senator. We're probably talking about a minimal difference. It matters very much, though, to the *Abbott* districts where the State is funding their schools 100 percent. That is why I understand why Mr. Sciarra has to have this addressed in a very particular way for the suburban districts where they are picking up the lion share -- a good portion of their capital costs. It's not going to matter as much. A small change -- where they have to pick up most of that cost any -- that square footage is going

to matter that much to them. And, as Senator Turner said, some of the districts are even out there saying, "Keep your school, we'll pay for what we want to do." Whatever they want to do in the non-*Abbott* they can do anyway. Whatever the *Abbott* districts feel they must do beyond what we're saying we will pay for. They have the opportunity to demonstrate what they have to do and what we should pay for.

So that dialog is going to happen. Whether or not we ever find a perfect school that fits for everybody -- I doubt it. I don't think there is a single school anywhere, not in this state or any state, that you can go to where the teachers would agree with the superintendent, would agree with the school board, would agree with the parents that this is a perfect school. I wonder if we will ever hit that. I don't know. But I know that we're all striving to hit something that is going to guarantee that at a minimum, every school that we build under this bill is going to allow for the teaching of the core curriculum. That is what the Commissioner is guaranteeing. The core curriculum that he has laid--

SENATOR MARTIN: We all understand that, and I-- Mr. Sciarra has given us a lesson about the Court's opinion. I think I followed that pretty closely, too.

I'm just saying that at this stage, these prototypes for the *Abbott*-- I almost-- I wish that the *Abbott* districts' problem and the funding for the other schools could be separated. They've been put together because, pretty much, the legislators' insistence is that this is a political problem that has to be dealt with all in one piece. We're really talking about two separate problems.

My problem with-- I'm not suggesting Mr. Sciarra is right on what he contends. I don't know what -- you're right. I just keep saying that I can't really get a sense of whether your square footage makes sense unless-- You're not going to find a school where everybody says it's good, but I could show you lots of schools where a vast majority say they are very happy with them. Unfortunately, in New Jersey, they're almost all out in the suburbs. Now, the more you want to prune off of that-- I think there is some pruning that could very well be done. At some point you're going to have to find something, at least to me, at -- a real-world experience.

MR. LOHBAUER: We do intend to seek that meeting of the minds.

SENATOR MARTIN: If we could just start with something like that rather than a square footage and no music room kind of concept, I think we'd all feel -- at least I would feel a lot better.

MR. SCIARRA: Senator, let me just make a couple quick comments.

The Department approved these Jersey City designs on December 28, which I found interesting. These have been approved by the Department, so somebody over there must have thought these designs -- the Jersey City designs were appropriate. These are real designs that were developed by the community. If you look at these designs -- where you see a lot of community issues here, for example, play space. There is no play space in Jersey City. One of the things they wanted to do in here was to include some play space for the kids. These kinds of issues -- you see them reflected in there.

The other thing about cost that I want to say-- You're right. The difference between 111 square feet in terms of cost and 120 square feet, 130 square feet is not that much once you build the thing. And to add the art room and add the music room to make sure that we can have high-quality art and music programs in the urban districts just as we do in the suburbs isn't really going to add that much in terms of cost once you start the construction projects. Some of this is penny-wise and pound-foolish in terms of our ultimate investment. I just wanted to make that point.

The other point I want to make is that there is a lot of other money that can be pooled here. There is a lot of talk at the Federal level now for Federal support that, ultimately, can come in, in addition to private support.

SENATOR GORMLEY: And obviously, with those Federal ideas, because we've gone over them already-- One thing we would like to see is -- finally catch up on special education. We've been behind on that for--

MR. SCIARRA: Right.

SENATOR GORMLEY: --about \$400 million a year for a decade or so.

You really want to make suggestions because they're making use of tax credits to provide-- This is similar to the housing credits--

MR. SCIARRA: Right.

SENATOR GORMLEY: --that we used in the past.

The question is, how can we use that system to attract the donation of the music room or whatever and work on this together? It is a very complex process, but that is a tax credit system, and it was -- it died in the

last term. It's going to be reintroduced in this term. But while they are drafting it and while they're looking at it-- A tax credit system works well for New Jersey because we are 49th in that form of aid. If it was translated into a tax credit system that wasn't capped and we could take advantage of the real philanthropy that's in this state, you might be able to interact with those urban schools and provide that supplement to the facility that does make it a little more special and that might give us that edge. That's how we approach -- how that's done. Instead of just a pool of money with a flat amount of money, I would prefer it be adjusted so that we could take advantage of that average income level of New Jersey in terms of a more favorable tax credit system.

SENATOR MARTIN: I'm going to take the prerogative of Chair. It's 3:30 p.m. I don't want the meeting to go beyond 4:00 p.m. We want to have some other testimony. So I-- I know I'm not going to give full service to everybody here, but I'm going to try to get some points of view, and I would ask that the people who testify to try to keep their comments -- not like us windbags, but actually make yours a little more pointed.

I think there's Dr. Robert Campbell here from Millville.

Dr. Campbell, why don't you come up and address us if you can. We'll try to get it to five minutes tops.

Mr. Jannarone, you'll be next.

ROBERT B. CAMPBELL, Ed.D.: Thank you.

My name is Robert Campbell, I'm the Assistant Superintendent of Schools in Millville Public School district, Millville, New Jersey.

I wish to thank the Senate Education Committee for the opportunity to address you today on a subject which is vitally important. That is the complete educational development of students in our Millville schools.

In 1997, the Millville school district purchased, with the first year of *Abbott* Parity Remedy Aid money, the building previously owned by the Prudential Insurance Company in the northwest corner of the city of Millville. The building consists of 153,000 square feet and was purchased for \$3,055,000. During the second year of this aid, Millville spent an additional \$7 million to \$8 million in renovations to meet State code. Ultimately, the assessed value of this property will be \$16 million. However, to build a middle school of this size at today's construction costs, the price would range from \$45 million to \$48 million. The building will be called the Lakeside Middle School and will house approximately 1200 students in grades six, seven, and eight. By purchasing this building, the Millville school district was able to turn a negative situation, that is the closing of a major employer in our city, into a positive educational addition which will benefit Millville students and the community for decades.

Although the existing building is large, it does not have the capability of converting any space into a gymnasium or auditorium. Superintendent of Schools, Dr. G. Larry Miller, requested that the Commissioner of Education approve construction funding of a gymnasium. Commissioner Klagholz approved the construction funding as a legitimate project under the *Abbott* ruling but indicated that the Legislature would have to provide the funding. The Commissioner went on to indicate that the

funding was not available at the present time and would not be available until the spring of 2000, at the earliest.

The Commissioner gave the Millville district two options which might expedite the construction of the gymnasium. These options were for a bond referendum or for lease/purchase of appropriate facilities.

Although there appears to be some community support for a bond referendum, an addition to taxes would pose a burden to our citizens. Both Cumberland County and the city of Millville are economically deprived, and several recent factory closings have left many out of work. Taxpayers' groups and their representatives have spoken at community meetings including Board of Education meetings and at the Chamber of Commerce. Even though there appears to be community support for a bond referendum, we believe that the interpretation of the *Abbott* decision should be that the cost of construction for these facilities comes from the State of New Jersey.

It is important to note that comprehensive health and physical education is one of the eight core curriculum content standards, and student proficiencies in this standard will be measured on the State tests beginning with the 1999-2000 school year. It would not be in the best educational interest of our students to deny them the necessary proficiencies and knowledge pertinent to the comprehensive health and physical education component of the mandatory State testing program.

The purchase of the Prudential building and its conversion into the Lakeside Middle School has made more classroom space districtwide. This will enable our school district to comply with the recent mandate of all-day kindergarten and preschool. It should also be noted that recently introduced

legislation in the New Jersey Assembly will recommend reimbursement of these funds without undo delay.

If the Millville district were to wait until the spring of 2000 or later, the cost of construction will dramatically increase. The cost to build a gymnasium at Lakeside Middle School will increase as much as \$800,000 over the original bid. Our contractors have agreed to honor their original bids through April 1999 only. Following that, construction costs will have to be rebid and will, obviously, reflect price increases. Cost increases over time will directly impact all *Abbott* districts.

As a requirement for being permitted to purchase the Prudential building with *Abbott* Parity Remedy Aid funds, we must guarantee that the new middle school be open by September 1999. We believe that full operation means construction of a gymnasium and auditorium. These facilities will provide all Millville students the necessary opportunities to meet the core curriculum content standards and to meet the minimum level of proficiency on the State-mandated tests.

In conclusion, the Millville school district respectfully requests that construction funding be made retroactive to cover construction going on at the present time.

Thank you for allowing me the opportunity to share these ideas with you.

SENATOR MARTIN: It's an issue under consideration.

MR. SCIARRA: Senator, if I may.

I raised in my-- Just briefly-- I raised in my testimony this issue and a related issue, which I really want to bring to the Committee's attention

which is early childhood program facilities to meet the September 1999 deadline. Something has to be done about that issue quickly.

SENATOR GORMLEY: We're going to have a hearing on that next week. Not to put you off because it is so important-- You really can't do that in a sentence.

MR. SCIARRA: No, but there is a facility side to that issue that relates--

SENATOR GORMLEY: No, no. If I may--

MR. SCIARRA: That's urgent. That's my only point.

SENATOR GORMLEY: My feeling is that's more than under consideration from the time -- sponsored the bill on the cigarette tax. I can go back that far. That's my effective date.

SENATOR MARTIN: Thank you. We're going to try to keep this moving.

Ms. Bohi from the School--

Oh, I'm sorry, you're up. She'll be next.

I was already moving on.

Mr. Jannarone -- urban superintendents.

THOMAS JANNARONE: Thank you, and I'll be extremely brief. The things that I was going to talk about you've already discussed at length.

As we were sitting in the audience complimenting the Committee-- We haven't heard so much common sense in a room in Trenton in a long time. So we'd just like to compliment you. That's been our experience with you, Senator Martin, in our meetings and working on various issues. So we'd just like to say thank you for that.

The only other point that I want to make, in the sake of time, is to reiterate the problem with Millville. It exists not just in Millville, but in some of the other urban *Abbotts* where they have projects that are ready to go, and because of the time lines there is a lack of-- In real estate, it might be a bridge loan that would solve the problem, but there is some kind of mechanism that needs to be put in place that would enable these districts to go forward with their plans that, in some cases have State Department approval. And the State's hands, in a sense-- Mike is here and he can speak for himself. I think their hands are tied, because of a lack of a funding mechanism, as to what to do with these urban districts that are ready.

In some cases, if they don't move forward in a relatively short period of time, monies that they've put in escrow -- for lack of a better term -- out of early childhood or -- early childhood program aid might be in jeopardy because of the timeliness associated with that.

So what we've got is a situation where the Supreme Court has said these need to be done in a timely fashion by the spring of 2000, but because we don't have a mechanism for funding in place, districts are being told to wait. If there is an incongruency here that needs to be addressed-- Assemblyman Asselta has a piece of legislation in that, I think, would solve that. I don't know whether you've seen it or what the status of that is, but that might be helpful.

SENATOR MARTIN: Well, we'll look at that. We want to be able to have the flexibility to seize opportunities. Maybe the Department, at least Treasury, could think about some ways-- They're claiming they can save you money now.

ASSISTANT COMMISSIONER AZZARA: Assemblyman Asselta's bill will, essentially, make the funding, that you ultimately approve, retroactive to those projects that were started before that date but met the approval standards that you, ultimately, enact.

SENATOR MARTIN: Thank you.

MR. JANNARONE: Thank you.

SENATOR MARTIN: Barbara Bohi.

BARBARA J. BOHI: Good afternoon. I'm Barbara Bohi, Assistant Director in the Governmental Relations Department of School Boards Association. With me is Judith Peoples, our Associate Director and funding expert.

Each of the Committee members received our written testimony. It is in the form of our article "New Jersey's Schools on the Mend." It gives you a complete analysis of many of the issues that have already been discussed today. I'll just touch on -- or just highlight a few of the points in the article because we think these are really the fundamental issues that need to be addressed, initially, by the Committee.

The first is that we believe very strongly that there needs to be a statewide inventory of facilities and total estimates of needs statewide, primarily for three reasons.

SENATOR MARTIN: So if we pass legislation today and drop that onto your local school boards, you'd support us, right? We've told them they have six months to give us a complete deadline. When the school districts complain that you're doing this on top of fourth-grade testing and school and

work and everything else, at least on this one, we'd get school board support, right?

MS. BOHI: Absolutely, the School Boards Association is ready and willing to assist the Committee and the Department of Education in any way that it can.

SENATOR MARTIN: I think it's a great idea. I'm just so gun shy about giving mandates to school boards.

MS. BOHI: Well, you know, a lot of people are just afraid to even touch the total dollar figure -- what the needs are statewide. We believe--

SENATOR MARTIN: We do deep discounting after--

MS. BOHI: But from a business standpoint we believe that it would ensure -- or help to ensure a more efficient use of taxpayer dollars. It would help with implementation of the plan, and it would also serve as a benchmark by which to evaluate the plan's success. We think that's a real important starting point.

I want to just add that the long-range facility plans that the Department of Education used in gauging the \$2.7 million need-- They only identified the plans that were in progress. They did not evaluate the health and safety and fire safety needs that the facilities required. The educational requirements, again due to core curriculum standards and actually physical conditions of the facilities-- They already have a survey instrument that they're using for the special needs districts that can be used for the regular education districts.

In terms of funding the plan, we don't see where there is a source of dollars to fully fund the plan, or none have been identified thus far. The

cigarette tax, as you are well aware of, is already being partially devoted to charity care. Seventeen million dollars to debt service-- Districts are only up to 85 percent of entitlement. They've been promised 100 percent in the next budget year.

SENATOR MARTIN: That's only preliminary statements. From what I understand about the settlement, it's totally at the discretion of the Legislature. To my knowledge, the Legislature has made no pronouncement about how that's devied up; although, there is-- I believe the administration has indicated they would like, at least, the bulk of it directed to various types of health care. It's, at least, an issue--

I don't think it's been finally determined, has it?

MS. BOHI: Are you talking about the settlement?

SENATOR GORMLEY: You're talking two different things. You're talking the \$50 million that we dedicated.

SENATOR MARTIN: Oh, I thought--

MS. BOHI: That's a great idea.

SENATOR MARTIN: I'm talking about \$7.2 billion from the settlement which was over a 25-year period. It would sort of fit or dovetail a little bit with the bonding.

MS. BOHI: Right, and certainly we would enthusiastically support taking some of that and dedicating it to school construction.

SENATOR GORMLEY: We enthusiastically support not having to vote for another funding source, so we might come together on that.

SENATOR MARTIN: It would include the help of--

SENATOR GORMLEY: Our help to a great degree, yes.

MS. BOHI: Just a caveat-- Every district has been promised a minimum of 10 percent funding of approved costs. Again, we would ask 10 percent of what? If we don't have the funding source, how can we be assured that future legislators are going to continue to be able to appropriate \$300,000 or \$400,000 a year from the General Fund to meet debt service and bonds.

SENATOR GORMLEY: So what you're saying is that if we ID'd it, you want the dedication.

SENATOR MARTIN: My understanding was that the 10 percent was -- they would provide a 10 percent savings of what your cost would be if you used their services, no?

MR. LOHBAUER: No, what we're actually proposing, Chairman--

SENATOR MARTIN: You're guaranteeing 10 percent.

MR. LOHBAUER: --is 10 percent of their capital cost -- of their approved cost in aid. Of course, if they also elect to use the Building Authority to do their construction, they would also benefit by having a reduction in their overall cost, but that would be separate.

SENATOR MARTIN: And those are two separate elections.

MR. LOHBAUER: That's correct.

SENATOR MARTIN: The first one isn't an election since you could get 10 percent -- everybody would elect--

MR. LOHBAUER: Would take it.

SENATOR MARTIN: Would take it.

MR. LOHBAUER: It's not saving, it's aid.

ASSISTANT COMMISSIONER AZZARA: Ten percent aid whether you use the Authority or not. It's based on 10 percent of what the standards say your efficient building should be.

SENATOR GORMLEY: But then you would turn over the process to the State and that local board or whoever would feel-- I think they would feel they would be at a negotiations disadvantage at that point because -- be in total control of the process.

MR. LOHBAUER: Only if they elect to utilize it.

SENATOR GORMLEY: If we set up a process where they're with you or not with you and you've got all the leverage of all the money, the negotiations are one-sided.

MR. LOHBAUER: Let me be clear, Senator. Each district would be entitled to receive their aid. Step back-- Districts that receive less than 50 percent of their capital construction costs in aid would be entitled to receive that aid regardless of whether they would utilize the Authority. So they could chose to take the check--

SENATOR GORMLEY: What kind of aid are we talking about?

MR. LOHBAUER: The allowed capital construction costs, which is, today, CEIFA aid.

SENATOR GORMLEY: Oh, you mean the debt service.

MR. LOHBAUER: The debt service.

SENATOR GORMLEY: We're not even talking about that. I'm talking about a revolving loan fund for schools.

MR. LOHBAUER: Right.

SENATOR GORMLEY: That's incidental. Please--

MR. LOHBAUER: Your concept of a revolving loan fund is something we haven't approached.

SENATOR GORMLEY: That good. You tried to get me off into that fund. We're not talking about that fund. That's a different issue.

SENATOR MARTIN: But under the original proposal, if they were going to build an addition to a school or a new school, they would submit it to you for the possibility of a -- you funding 10 percent of the cost. You would examine it, and you would fund it at 10 percent if all of it were deemed to be educationally adequate.

MR. LOHBAUER: Correct.

SENATOR GORMLEY: Ten percent of debt service?

MR. LOHBAUER: Ten percent of the capital cost.

SENATOR GORMLEY: This is what you're going to propose?

MS. BOHI: It's all spelled out in my article.

SENATOR MARTIN: Okay, we'll have to read it again.

MS. BOHI: The Building Authority--

I just want to raise one quick point. We would like to see a complete analysis of the efficiencies that the Treasurer believes they will achieve by using an essential source for all the planning, finance, design, and construction oversight. Our consultation with architects and financial analysts lead us to conclude that those efficiencies are not as high as the Treasurer's Office has suggested.

SENATOR MARTIN: I believe there are architects-- There was a representative-- Are they here today? (affirmative response)

Hang loose. Mr. Swissler is going to testify, and then we'll have you speak. That is an important component.

MS. BOHI: And then, finally-- I just want to conclude and say that the cost per square foot is very low. Our estimates run anywhere from \$135.00 to \$165.00 on average for building in New Jersey.

SENATOR MARTIN: That's based upon?

MS. BOHI: Our consultations with many architects.

And also, one important fact. The 125, I believe, based on 11 new schools that were constructed in central New Jersey-- New construction is much less expensive than renovation. Renovation runs much higher. About 50 percent currently-- At least 50 percent of the school construction, statewide, is renovation, not new construction.

Thank you.

SENATOR MARTIN: Thank you.

We're going to move on.

Mr. Swissler, from the County Vocational Schools.

ROBERT SWISSLER: Thank you, Senator.

You have two sheets that are being passed around to you.

My name is Bob Swissler, incidently, and the two groups I'm representing here are the County Special Services School Districts and the County Vocational School Districts. Some of their problems are in common and some of them are unique and especially different.

I'll start with the County Vocational Schools. They're on the letter-size sheet that is being handed out.

SENATOR MARTIN: How come they get a bigger font than the other guy?

MR. SWISSLER: Two different computers, I think. One is a laptop and the other is my desktop.

SENATOR MARTIN: I thought you were not going to--

MR. SWISSLER: With the County Vocational Schools, the facilities survey examining the five-year plans that the Department requires and your statutes require is the \$346 million need over the next five years.

Item two speaks to why we feel the plan that's been put on the table is inadequate. It offers a problem for us. It is a frequent one. That is that County Vocational Schools are, often, shoehorned in after the broad State policy has been adopted. We appreciate the opportunity to comment at this early stage before that's put in place.

SENATOR MARTIN: What would you say, from the Department's point of view, if they took the *Abbott* approach and said, "This is what we think is educationally adequate, but you can have the opportunity to demonstrate that it's inadequate, then the Department will review and decide"? What's your feeling about that?

MR. SWISSLER: Frankly, I think that's taking a very intense State expenditure and placing it in the hands of one or several people without criteria. The problems, incidently, that I identify here, with respect to some of these vocational-type programs, can also be found in a local, comprehensive school district, a comprehensive high school for example. So it's not unique to the county school. It could be, virtually, every school district in the state

getting in line for a personal review of their proposal which exceeds the model by 250 percent.

By that I mean the high school, for example -- the model is 700 -- think -- I stand corrected -- I think it is 750 square feet for a high school classroom. Well, an automechanics shop which needs to have automobiles in there for the students to work on-- You're talking about 2000 square feet at the minimum. Two thousand square feet is well beyond 750 square feet that the Department and the Treasurer's Office have proposed.

In a county vocational school, particularly a shared-time school -- where 100 percent of the shared-time school -- which half of them are -- programs are vocational programs. They don't have an academic component to them. So all of their classroom needs far, far exceed the model.

My concern about everybody getting in line to have their personal needs looked at for 619 school districts is-- I don't know if that's a good way to run the State. I'd be much happier if there were models, if that's the direction we're going in, or standards that accounted for the broad spectrum of needs that exist in this state.

The problem of the county vocational schools is that they're not accounted for in that model at all. You can see, in item two where I've listed-- I was just picking things out. Drafting, computer-assisted design, agriculture, technology, cosmetology, auto technology, culinary arts, building trades, nursing, and health aid programs are not going to fit in the model that the Department has put together.

I've heard Mike and the Treasurer's representatives say, "Well, you can go beyond that, but for the county vocational schools, they're going

to have to go way beyond that.” The 750 square feet is just inadequate for their programs. That’s my point. As I pointed out, these limitations will impact any school district that has a similar-type program. And many districts have auto mechanics. That’s not an unusual course to find in a comprehensive high school.

SENATOR MARTIN: Was it the intent of the Departments of Education and Treasury to provide assistance for the special services districts and the vo-techs in this project, or are they outside the loop?

MR. LOHBAUER: They’re expressly included. There has not been a separate consideration of their space requirements.

SENATOR MARTIN: Well, if they’re expressly included--

MR. LOHBAUER: They are identified.

SENATOR MARTIN: --then one would have to have a special kind of formula for them to be able to deal with it other than just saying that they’re -- they’d be an exception. If you told me that they’re a special case, and we’re only going to deal with the regular school districts, well then, we’d either include them or something, or we’d have to deal with it separately. But if you’re telling me that it was from the get-go that you want to include them, you have to have some kind of formula because they don’t look like a regular school.

MR. SWISSLER: Senator, that you not be confused, they are specifically included in the introductory material that says a school district means -- a local school district -- county special school service district -- county vocational school district-- That’s the last expression ever made about a county

vocational school district. So you're right. They're expressly included on Page 1, but Page 2 through Page 100 they're not there at all.

MR. LOHBAUER: Chairman, I don't differ with the speaker. He is making good points. As I said earlier in testimony, we are reviewing the square footage requirements. Obviously, there is an apparent need for special intentions to vocational schools.

SENATOR MARTIN: We would recommend that there should be a separate piece-- So why don't, in the interest of time-- You made your point, I think, on both cases.

MR. SWISSLER: Fine, thank you.

Senator, may I make one point -- comment to both of them? And I'll do it quickly in the interest of time.

SENATOR GORMLEY: You don't have a third group, do you?

MR. SWISSLER: It has to-- I do have some others.

SENATOR GORMLEY: But don't dare.

MR. SWISSLER: It has to do with the financing. I know that's been addressed. I'd just like to point out for the county vocational school districts -- for both of them-- They're wealth variables, calculated on a county basis, as all the district wealth of the county is added up-- The result of that is that half of the counties don't receive any debt service aid, zero. Those that you would consider the poorer -- the property-poorer counties, Essex or Hudson, receive barely 17 percent -- 27 percent debt service aid. There is very little. It's different being a county-based school district in that the county freeholders are the ones that raise the money for construction, not the local--

There isn't a local taxpayer. There are the county freeholders that put up the money.

I would really urge you to address an issue that's been a long, festering issue about how debt service is funded in the county special service school districts and the county vocational school districts. When these two people -- the representatives of these two districts go to the freeholders and say, "We need a building, or we need an addition," they understandably say, "Well, how much support are you getting from the State?" If they say zero or 2 percent, the answer they get from the freeholders is, "Well, gee, the county college gets 50 percent of every dollar they spend," which is true. If a county special service district, as Senator Gormley just went through--

SENATOR GORMLEY: Yeah, but in all fairness to the State in this one, it started with 40 percent Federal funding, and now it's down to 9 percent -- when you speak special services. In terms of--

The original presumption that started this--

MR. SWISSLER: There is-- That's right, there was.

SENATOR GORMLEY: But while they are tacking those tax credits on the Federal, let's be sure to include consideration, especially, for what they've already skipped. They should start with special services.

MR. SWISSLER: Thank you. All I'm asking is that that issue be looked at because it's long since been altered, and it's no longer appropriate the way it is.

SENATOR MARTIN: Thank you.

MR. SWISSLER: Thank you.

SENATOR MARTIN: We do have representatives from the Chapter of American Institute of Architects. Is that--

You like cookie-cutter schools, right?

SENATOR GORMLEY: Boring.

JEANNE PERANTONI: Good afternoon, Chairman Martin and members of the Senate Education Committee. What you are being passed out are nine pages of testimony, which I will make no attempt to read.

I am here on behalf of the New Jersey Chapter of the American Institute of Architects. I'm a registered, licensed architect in the State of New Jersey. My firm deals primarily with school construction.

SENATOR MARTIN: And your name is?

MS. PERANTONI: Jeanne Perantoni.

SENATOR MARTIN: And you are?

TRICIA RUSSO: I'm Tricia Russo, with Nancy Becker Associates. I just wanted to introduce Jeanne, but she's already done that.

MS. PERANTONI: I would like to start with the premise that -- I really appreciated your discussion earlier -- that instinctfully, you're all fearing the idea of working from a piece of paper with the model. Somehow, you had that gut feeling that working, actually, out in the field, in a real school is the way to go. I have to concur with that.

The other point I'd like to make is that 25 states in our country have thought about or implemented the idea of standardized plans. Currently, there is no state utilizing standardized models.

SENATOR GORMLEY: Okay, what happened to the other 25?

MS. PERANTONI: You ready?

A lot of the specific details are in the nine pages. What I want to touch upon is that the primary reason for standardized plans is to reduce cost. What was found out in the field was that in many cases cost actually increased.

SENATOR MARTIN: How could that happen?

SENATOR GORMLEY: Aren't we like lightning? They should have us in Washington.

MS. PERANTONI: Yes, I like this.

It happens because of the process of design in architecture. Architecture is not a straightforward, linear process. It's multifaceted and very complex. You have forces on the inside shaping the design, and you have forces from the outside shaping design. The inside can be summarized as the forces that are being brought to bear by the administrators, the educators, the parents, and the students. It's the plan. It's the layout of the school. It's the adjacency relationship of spaces and the size of spaces and how you get to those spaces.

The forces from the outside are really the site conditions. You have soil which is established as barium pressure, you have seismic conditions, you have where the utilities are onto a site. All those aspects make every single school building and every single site unique. As soon as you start with the model, you have to have an endless number of variations and permutations in order to fit on the site. Once you start with the model, the time spent in renovating and changing that model equals what it would have been if you customized the design from the start.

What has happened over the years in New Jersey is, obviously, the private-sector design professionals that I represent and that I preform have

really let the market keep our designs compatible, keep the cost of the school building -- what they will be bearing with the referendum process that's in place.

So there have been conditions that have tried to make schools economical, thorough, and efficient and at the same time meet the individual particular needs.

That's what the other 25 states have found, that that process works.

SENATOR GORMLEY: I'm not asking a question. I'd like you to forward these materials. Survey the 25 states' reasons why they dropped it. I'd like to see it.

MS. PERANTONI: Okay.

SENATOR GORMLEY: Don't run through the 25 states now -- but the 25 states and why. I think the Department would also like to see that survey.

MS. PERANTONI: What I'd like to pass on to you is what I received from the American Institute of Architects. It's the national office. The national office has been tracking this issue in the various states. What they've compiled is, really, a whole lot of flyers and pieces of--

SENATOR GORMLEY: But you have to understand-- I'm not trying to-- What you've said is that they've tried it in 25 states, they repealed it in 25 states.

MS. PERANTONI: Okay.

SENATOR GORMLEY: Obviously, that's quite a track record. In fact, they have an enormous interest in it right now, believe me. We'd all

like to see that, but I'd like to see state by state and why and how they repealed it.

MS. RUSSO: Senator Gormley, I just want to make a simple correction. I believe Jeanne said that they either tried it or thought about trying it in 25 states.

MS. PERANTONI: Right.

SENATOR GORMLEY: Well, whatever the record was in the 25 states -- especially those who tried it and dropped it. Because, obviously, we can learn from their-- That might be better than looking at one of their schools.

So I think the Department would like to see that, also.

SENATOR MARTIN: Just so we're clear about-- Are you representing that now there are no -- there is no state that is using--

MS. PERANTONI: That's the information given to me by the American Institute of Architects. The only thing that's in existence being used in a prototype model are things like trailers -- very specific building types for a very specific use -- a single or double trailer.

SENATOR GORMLEY: Didn't Sears used to have a mail-order house?

MS. PERANTONI: Actually, I should mention--

SENATOR GORMLEY: No, no don't tell me--

MS. PERANTONI: I want to mention that the private sector also looked at (indiscernible). Both Wal-mart and McDonald's looked at doing it that way, but they went to the idea of local control and using the local architect to modify the plans because they found that where the cost savings were was

in bulk buying of materials and some standardization of ceiling tiles and things like that. It was not in the design of the facility to meet the local codes.

SENATOR GORMLEY: They're not distinctive examples. Pick another example.

MS. PERANTONI: No, no, what I'm saying is unique and what's similar with-- For example, a McDonald's is the roof, the logo, the food.

SENATOR MARTIN: How about the square footage issue. I mean-- There is a lot that's been talked about-- The Department would sort of capture a number or range-- I think they might move to a county variance or variable or something along those lines. If we said, "Okay, urban school districts, you can build at \$140.00 a square foot as opposed to--" Is that a kind of thing that makes sense to you?

MR. SWISSLER: . PERANTONI: Yes, it does. Our firm is based in Somerset County, and we do a lot of work in the northern half of the state. We do see tremendous differences county by county, and we budget accordingly.

SENATOR MARTIN: How about fixing a number for -- a specific number per county.

MS. PERANTONI: I would say--

SENATOR MARTIN: Can you do that?

MS. PERANTONI: I would suggest to the State and the Department of the Treasury that you have to still also fix several numbers. The reason I bring that up is because you could have a number for new construction -- completely new school, but that is not the same multiplier that can be applied for additions and renovations.

Our firm, over the past five years, has overseen the construction of five brand-new schools, nice number. But more importantly, we've overseen 48 additions and renovation projects. That is still the bulk of work in New Jersey. You're still looking, in every case, to maximize your existing resources to add on to it, to renovate it. Those projects do not lend themselves to any kind of standardization at all. They're unique and complex. You often have to be very creative to figure out what you're going to save, what you're going to renovate, and where you're going to add on to have it make sense in the overall district.

SENATOR MARTIN: Can you use one number to apply to the square footage of an entire building, or would it be more -- would it make more sense to say 125 square feet for classrooms but 100 square feet for a cafeteria, that's more like open space? Is one number an okay--

MS. PERANTONI: I would suggest that the State looks at, I guess, what Pennsylvania and Maryland does with their funding formula. They have very complicated funding formulas. They found that one single number doesn't really do the trick. So those are two states that have really pioneered that evaluation. I'm not as knowledgeable about that. But all I know in talking with other colleagues from those states-- I'm involved not only with the AIA, but I'm also on the Council of Educational Facility Planners, International, so I'm quite a bit in contact with what facility planning is going on in the other states and how the state there regulates it.

SENATOR MARTIN: I assume you could foresee a situation where a school district could, possibly, save money by putting an addition on to an existing school but might be driven, because of some of these factors that

the State came up with, one number to actually build like -- I mean -- build at a separate site. There might be-- They might be driven by the funding to do things that would actually not necessarily be the most economical. If you're going-- If you're only going to get one dollar amount but the choices vary a great deal, you could actually be driven by the source of the funding, I suppose, rather than utility of the project.

MS. PERANTONI: I would love to answer that candidly because, I think, the answer is yes. The reason I mention that is because as a private-sector architect, we look at -- we always balance new construction -- the design of new construction for every time we come into a district to look at their overall needs -- with the idea of multiple additions in the school district. One of the strongest arguments you can make to parents, again the taxpayers that are funding this, primarily, through the private referendum process, is that you want to maximize the new dollars spent on reaching the most number of students.

So do you put all your eggs in one basket, build a new school, and you have 600 kids that are in wonderful facilities, but the bulk of the district, the other 1200, do not have the benefit of new construction, or do you spread the wealth around and look at multiple additions and renovations? So you're trying to improve the lives and the learning environment of the entire 1800 student district. That's a very serious question. When it's funded by the parents, they really look for an accountability on that issue.

That was pretty candid. That was a good question.

SENATOR MARTIN: Are there any other questions? (no response)

Thank you very much.

We have a few--

MS. PERANTONI: May I make one point on the Building Authority?

SENATOR MARTIN: Yes.

MS. PERANTONI: The one concern I have-- School construction is very special. The reason I state that is because the completion of a school project is more important than when it starts. We deal with the September 1 occupancy date. In the private sector, we live and breathe for that, and we do whatever it takes to achieve that end. And when you get into large bureaucracies with building authorities, we have to hope that is matched in stride. Personally, our firm has a blank-out part that no one can take their vacation in the month of August because we know, typically, you're spending 60 to 70 hours during that month trying to get all the things done. When you have a building authority and you have all the projects on the same time line, you really do have a dearth of resources and other considerations. And when you do not have swing spaces -- when you're telling parents very late in the game that there is no space in September available for their children, you have a major problem -- situation that has to be managed very carefully.

SENATOR MARTIN: It's the first time I've heard that. It seems--

SENATOR GORMLEY: The Treasurer is not going to leave his office the month of August. He is sleeping in on the sofa.

MR. LOHBAUER: He never does that.

SENATOR GORMLEY: Never leaves in August?

MR. LOHBAUER: No.

SENATOR GORMLEY: In August, he is there in Trenton all by himself.

MR. LOHBAUER: He's geared up for the next budget.

SENATOR MARTIN: I think he definitely won't be leaving in August.

If you could just hold, Senator Baer has--

SENATOR BAER: Yeah, I have just one question.

MS. PERANTONI: Sure.

SENATOR BAER: And if Treasury wants to comment on this, too--

I've had some contact, years ago, with private-sector companies that promote themselves in terms of their abilities and roles in the management and expediting of extraordinarily large construction undertakings.

I'd be interested in your thought as to whether such organizations might have any role relative to this as opposed to that all being done within government.

MS. PERANTONI: That's a very good question. In my travels and experience with the Educational Facility Planners, I've seen what other states have done, and I would say it can work very successfully, but again, you don't want any one organization to try and have supreme control or a very large authority. It's worked very well in larger school districts in which that particular school district then comes under the auspices of a construction management company.

I should mention that one of the uses of the prototype model as opposed to the standardized model is the allowance that you make work

towards some similarity of parts. But you do not try and control it down to the dotted *I* and *T* -- that you're not locked into plans that are already drawn up, but you're locked into a selection of ideas that can help speed up the process-- Again, time is money. That can work towards some standardized details.

So again I guess it's a compromise between what's on the table and what we're trying to bring to the table from the other side. That can all work with -- under the auspices of a construction management company and working hand in hand with the local architects and officials and those that know the site conditions.

SENATOR BAER: Thank you.

MR. LOHBAUER: Senator, we're not in disagreement on this. Our draft legislation proposes some amendments to the Building Authority Act that would allow for the Building Authority to retain the services of construction management firms for this purpose. We don't want to grow the size of the Building Authority (indiscernible) that they would obtain at the most efficient cost possible, more efficiently than local districts could.

SENATOR GORMLEY: Construction manager-fund counsel. What a position it would be.

MR. LOHBAUER: May I add-- We also agree on the notion of design components being the area that you want to focus on standardizing. We're not interested in proposing, as I said earlier, a cookie-cutter school design. We want to offer some choices of flooring systems, some choices of roofing systems, choices for system components that would go into a school.

We believe we can achieve great efficiencies that way. That's what we're trying to stress.

SENATOR GORMLEY: Thank you.

SENATOR MARTIN: Hey, Al, do you have testimony? I know we never communicated.

UNIDENTIFIED SPEAKER FROM AUDIENCE: No, but at some point we will Senator.

SENATOR MARTIN: I'm going to ask--

Is Gene still here?

MR. CANNON (Committee Aide): Yes, he's here.

SENATOR MARTIN: Oh, he is behind the post.

I want School Business Officials.

In the interest of -- unless the Committee feels otherwise-- I know we've been here for quite a while. The other four people I will allow at the beginning of our next Committee meeting. I know that-- I believe you guys are here on a regular basis, Lynne and -- Lynne Strickland and David Nash and John Abeigon and Michael Clavin (phonetic spelling)-- In the interest of time -- and the NJEA, I see--

We will allow you to testify at the beginning of the next meeting on this topic. I apologize, but there is only so much we can absorb at one time. But we did want our good friends who oftentimes write the checks for these projects to have a few words.

EUGENE KEYEK, Ed.D.: Thank you, Mr. Chairman.

My name is Gene Keyek. I represent the New Jersey Association of School Business Officials. I will try to be as brief as possible in terms of testimony.

We have been working as a coalition with the representatives from the Governor's Counsel Office, the Department of Education, and the Division (*sic*) of Treasury on an ongoing basis.

SENATOR MARTIN: You're an insider on this.

SENATOR GORMLEY: Oh, we thought you were going to agree with us.

SENATOR MARTIN: So we can call you to find out what's going on.

SENATOR GORMLEY: Oh, put him on next time.

DR. KEYEK: There has been a number of organizations. Each organization has established a process for review. Our organization has divided, into five areas -- needs assessment, model, funding, financing, and construction.

The first one, the needs assessment, has already been addressed. What is the extent of the problem, and how much will it cost to remedy? We don't feel that there is sufficient evidence, yet, to determine that \$4.5 billion is the correct figure. We would prefer to see that there is sufficient evidence to indicate that that amount will do the job.

SENATOR MARTIN: Where did you get \$4.5 billion?

SENATOR GORMLEY: I never heard that one. I was at \$5.5 billion.

DR. KEYEK: The \$4.5 billion was amount that was dropped by the administration.

SENATOR GORMLEY: Was that for every school?

DR. KEYEK: That was both, yes.

SENATOR GORMLEY: No. In all fairness, they were at \$5.5 billion. I just added-- Add \$1 billion more in there.

DR. KEYEK: We'll take the extra billion.

SENATOR GORMLEY: No, no, that was in the paper. They actually said that.

ASSISTANT COMMISSIONER AZZARA: We'll take the \$4.5 billion, if you want to give it to us.

SENATOR GORMLEY: There you go again. There you go.

SENATOR MARTIN: Does your number count for the higher ed piece?

DR. KEYEK: No, it does not.

SENATOR MARTIN: That was like \$500 million or \$600 million, wasn't it?

MR. LOHBAUER: Five hundred million dollars.

SENATOR MARTIN: What I read in the papers, anyway.

SENATOR GORMLEY: What we read in the papers.

DR. KEYEK: However, Mr. Chairman, I know you've said that when you sponsor a piece of legislation for a facilities assessment-- We're in agreement with School Boards that a complete facilities assessment would be essential, and we would support that concept. We think it would give us the

bottom-line figure that we're looking for so that we're all in agreement that this is what it's going to cost.

SENATOR MARTIN: So when we mandate this to the schools -- school superintendents and they turn around and hand it to the School Business Administrators, how fast can you turn this information around?

DR. KEYEK: That-- If I were in a district, probably two months -- 60 days.

SENATOR MARTIN: So if we gave you 90 days, you would have no problem whatsoever.

DR. KEYEK: I'm sure that some of my members would say, very bluntly to me, "What the hell are you doing? We've got enough problems now with all of the issues." I think this is--

SENATOR MARTIN: Especially right as we go into the budget period.

DR. KEYEK: Yes, but this is an important issue.

SENATOR GORMLEY: Once they do-- You know we'll hit \$10 billion. You don't question that-- You do-- This number is going to come back beyond -- beyond. It will be \$10 billion.

DR. KEYEK: Senator Gormley, that gives us, at least, a place to start, and then we set our priorities.

SENATOR GORMLEY: Oh yeah, that's a place to start.

DR. KEYEK: We set our priorities--

SENATOR GORMLEY: The Treasurer will be on an IV when he hears that number.

DR. KEYEK: The next area is the model. We sum up our statement about the model. It does not provide the necessary space to meet the requirements of the core curriculum. Districts should be provided the flexibility to determine the local needs.

One of our concerns is that, unfortunately, the model is being applied. Contrary to what Mr. Azzara might tell you that it is being applied in current process, and we question where the Department has the legal right to apply the model. Mr. Azzara and I have disagreed on application of the model (indiscernible) to lease/purchase. They're using this statement under lease/purchase language that says, "The Commissioner makes the final determination," but the model is still there, and the model is again-- I'll just take, for example, art and music. How is art and music to be taught in the elementary grades? Is there a need for an art room and music room? It's a philosophical debate. The Department feels that art can be taught-- art à la cart, where the art teacher rolls in. We don't feel that given the core curriculum standards that's the process that we want utilized in our school districts.

So I'm happy to see -- happy to hear the Treasurer saying that we're going to move more toward a square footage and allow much more flexibility to the local district to determine how they're going to utilize that. I would hope that the Department of Education will follow suit in allowing the districts the prerogative to establish how they utilize that square footage, rather than dictating you can't have a science lab, you can't have extra storage. I think the districts are in the position to make that determination.

In funding, we have--

SENATOR MARTIN: Well, how do you tell whether a district has exceeded-- Do you want the State to just write a blank check?

DR. KEYEK: No, I think that, as we say in our testimony, what we need to do is -- should be representative of the projects recently completed and those in the planning stages so that we have a square footage but a legitimate square footage for elementary, a legitimate square footage for middle, and a legitimate square footage for high school. As an example, in a high school, you can't use one number. It depends upon the kinds of programs a high school is offering. If the number of students in a high school are not going to college and you have work programs, you have vocational programs, there is a need for more space in that particular high school. There should be a range as we have in CEIFA. There is a bottom level and there is a top level in which the State would consider and fund that particular issue. We're not looking for a blank check. We recognize-- This is the first time that we've had such a figure placed on the table for school construction. We don't want to kill that figure, we don't want to kill the program. But what we still think is necessary is that local districts should have some prerogative in designing the school.

In funding, there is the 10 percent proposal, and we have a concern about that that this may tie this proposal up in courts because the 10 percent goes to the *I* and *J* districts, or those districts who do not receive core curriculum aid. This could be construed as minimum aid.

SENATOR GORMLEY: Wrong.

DR. KEYEK: Okay.

SENATOR GORMLEY: We did it already with the revolving loan fund for schools. We'll call it a jobs program.

DR. KEYEK: And there was no challenge?

SENATOR GORMLEY: There was no challenge on that money going-- Or we could target it for those rich districts that have -- and in terms of their special services needs and those types of delivery of services because I think there is one area where the Court won't go -- is if we target that portion of the school or special services schools of those types of needs.

So in terms of school construction, we'll just call it a jobs program, and we're not going to be limited by any district, and we've set the precedent for that.

MR. KEYEK: I would really-- I think that that is an important issue.

SENATOR GORMLEY: It's a job's bill, then. It will be a job's bill that week.

MR. KEYEK: The legislators should also consider utilizing grant programs, no interest or low interest loans, and a revolving loan fund which would leverage the amount of dollars that we have.

SENATOR GORMLEY: And that's what we did originally with the -- about \$45 million from the World Trade Center, and then we added about another \$175 million. It's been phased out the last few years for computers, but we'll get it going again.

MR. KEYEK: Good.

Financing-- We are not as involved in this, but we question the savings that the Department of Treasury had identified at 50 basis points.

We've talked to a number of financial experts who question that 50 basis points can be saved by going out through a State financing process.

That really is an issue. That's a one-half percentage point. I've talked to a couple of banks -- PNC, Summitt -- who question that you can do that since most districts already have a high rating and could get close to the same percentage that a district -- that the State could get. The only thing that the State might benefit from is the size of the issue, perhaps going out with \$500 million every six months through that five-year period.

The last one, construction-- The bottom line for the construction phase of the proposal is that it will not work, and you've heard that. A State-operated system of design builds another level of bureaucracy which will impede the construction and renovating of school facilities.

And the last issue in part of that is that the square footage dollar it costs -- allocation does not reflect the differences between new and renovation. There has to be some consideration of regional cost differences in order for this to be effective.

We continue to work with members of the Department, the Governor's Staff, and the Treasury. I think we're very close. As Mr. Lohbauer said, we're not that far apart in many of the issues that have been identified today. And we hope that we can come to some conclusion quickly to allow this process to continue.

SENATOR MARTIN: Assuming you can get somebody to sponsor your bill, right?

DR. KEYEK: Yes.

SENATOR MARTIN: Thank you.

MR. KEYEK: Thank you.

SENATOR MARTIN: That's all folks.

The reason why I was keeping this on is that I neglected to mention that earlier that I had given the legislative aide the copies of letters from Harris Associates and Granary Associates who are involved in construction building. We wanted that to be part of the record.

(HEARING CONCLUDED)